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FINANCIAL TIMES

Europe's Business Newspapi

WEDNESDAY OCTOBER 12 1994

China eyes \$150bn Rouble falls 21.5% as currency exchanges close export target in rapid growth plan

China aims to export \$150bn worth of electronics and machinery annually by early next century under a three-phase plan aimed at securing a sub-stantial share of the world market. Exports of machinery and electronics are expected to reach \$26bn this year, an increase of \$3.3bn or 14.5 per cent over last year. The export drive reflects a desire to become more competitive in both world and domestic markets. This also coincides with Beijing's moves to re-enter the General Agreement on Tariffs and Trade. Page 8; Inflation 'will stay Chi-na's hig headache', Page 6

Strong demand pushes Chrysler ahead: Chrysler, smallest of the US's three big carmakers, reported a 54 per cent surge in profits for the latest quarter as demand for the company's most popular models in North America continued to outstrip supply. Page 19; Lex, Page 18

Tiphook's banks named in US suit: National Westminster Bank and Commerzbank, lenders to UK transport leasing group Tiphook, have been drawn into a \$700m (\$443m) US class action suit against the company. Sir Charles Powell, Lady Thatcher's former foreign affairs adviser and now a non-executive director of NatWest, and Commerzbank chairman Martin Kohlhaussen, are also named as defendants. Page 19

James Keiman wins Booker Prize



The £20,000 (\$31,600) UK **Booker Prize for fiction** was awarded to James Kelman (left) for How Late It Was, How Late, published by Secker and Warburg. The novel, a story of Scottish low-life narrated largely in Glaswegian dialect, is unlikely to prove a popu-

lar choice with booksellers, which have damned all six books shortlisted for this year's prize as boring, elitist and - worst of all - unsaleable.

Crackdown on software pirates: Leading software companies are offering rewards of up to £2,500 (£3,950) to informers prepared to expose companies in the UK illegally copying software, in a drive to crack down on piracy estimated to have cost them nearly \$500m last year. Page 18

Reynolds presses UK on Uister: Irish prime minister Albert Reynolds called for "an accelerated British response" to the six-week-old IRA ceasefire. Page 11: Irish PM's ney increase, Page 4

Hong Kong newspaper chief may face ban: Yu Pun Hoi, chairman of Hong Kong newspaper group Ming Pao, was notified by the Hong Kong could lead to disqualification after it was revealed he had a criminal record. Page 22

News Corp to modify new shares: Rupert Murdoch's News Corporation bowed to investor pressure and agreed to modify its one-for-two issue of limited voting preference shares. Page 21

i G Metali demands 6% pay rise: German engineering workers' union IG Metall called for a 6 per cent pay rise next year and insisted on the introduction of a 35-hour week. The claim was condemned by engineering employers. Page 18

'Open skies' move for regional airports: Britain lifted all restrictions for transatlantic flights to its regional airports in an effort to revive talks with the US to liberalise air services between the two countries. Page 11

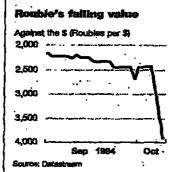
Sanyo Securities plans rights issue: Sanyo Securities, troubled Japanese broker, said it would raise Y200n (\$198m) through a rights issue to its three leading creditor banks - Nippon Credit Bank, Bank of Tokyo and Daiwa Bank - and Nomura Securities, its largest shareholder. Page 22

UK truck and van sales rise: UK commercial vehicle registrations rose for the ninth successive month in September, but the proportion of imported vehicles increased sharply. Page 11

VSEL takeover likely this week: The agreed takeover of UK submarine maker VSEL by British Aerospace is likely to be concluded this week.

Barings bucks trend with 54% rise: Barings bucked the trend in the UK merchant banking sector by reporting interim pre-tax profits up 54 per cent to £54.8m (\$56.58m). The improvement contrasts with profit warnings issued by S.G. Warburg and Hambros, two other UK houses. Page 19; Editorial Comment. Page 17; Observer, Page 17; Lex,

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By John Thornhill in Moscow

The Russian rouble plummeted 21.5 per cent yesterday, its biggest one-day fall.

The currency's collapse shocked Russia's emerging financial markets, caused confusion in the streets and prompted fierce debate among politicians about the future of the country's reform

programme.
The government appeared surprised by the extent of the fall and said it would raise its one-

month refinancing rate from 11.6 per cent to 14 per cent from today in a desperate attempt to defend the currency.

Many Russian banks shut for the day and refused to exchange currency, creating bewilderment and anger among the crowds out-side. "Collapse? Hyperinflation? We simply do not know," said

One western economist in Moscow said: "It is a full-blown panic at the moment. The challenge to the government is going Russians bemused by

to be not to over-react and to recommence with its stabilisation programme as required."

The central bank held a crisis meeting yesterday afternoon amid allegations that 10 banks had colluded to dump roubles on the market. The low volumes traded on the Moscow Interbank Currency Exchange (Micex) make

it vulnerable to speculation, said currency experts.
On Micex, the rouble plunged

to 3,926 to the US dollar from 3,081 on Monday, taking this month's decline to 32.9 per cent. The Moscow commodities exchange, one of the main dollar futures trading floors, shut down when the Micex rate was announced, member brokers said. Trading in shares was also affected as brokers checked to see if prices had been updated.

Government ministers expect a

fierce debate on the rouble in the Russian parliament today. Mr Sergei Glazyev, head of the

parliament's economic policies committee, said the rouble's large fall would have a destabilising effect over the medium-term. "This chaotic outburst of hard currency speculation will tell on the central bank's interest rates...and cause prices to rise sharply," he said.

Mr Boris Fyodorov a former

Continued on Page 18

Iraqi troop withdrawal fails to convince US

By Roger Matthews, Middle East Editor

The US rejected claims from Baghdad yesterday that a significant number of fragi troops have been moved away from the border with Kuwait, and warned that a pre-emptive military strike was being considered.

The Pentagon announced that 156,000 ground troops were on alert. Nearly 40,000 troops are in or heading for the Gulf, together with an additional 350 aircraft. including B-52 bombers and F-117 stealth fighters. Their arrival will bring the total of US aircraft and helicopters in the region to more

Crisis could be a blessing for KuwaitPage 6

staff, said some Iraqi units may have moved away from their combat positions, but that "considerable units" remained close to the Kuwaiti border.

Gen Shalikashvili said: "We still have quite some time to look at this situation before we are certain as to their intentions and where they are moving. I am not prepared yet to say that the crisis is over in any way."

Ms Madeleine Albright, the US ambassador to the UN, said earlier that a pre-emptive strike against the forces of President Saddam Hussein was under consideration because "we want to make sure that they do not do this again". She also said there was some evidence of a minimal Iraqi troop movement away from the border, but confirmation was

Mr Mohammed Saced al-Sahaf. the Iraqi foreign minister, claimed, however, that all Iraqi forces had left their forward positions by noon yesterday, and the two brigades still on the move were expected to reach their destination within 14 hours. Iraq said that it had also invited the Russian and Chinese embassies in Baghdad to send representatives to verify the troop withdrawal

A Reuters correspondent returning from Basra to Baghdad yesterday reported large numbers of tanks, armoured troop carriers and artillery moving north, with some forces making south.

han 650. Mr William Perry, US defence General John Shalikashvili, secretary, stressed that a prechairman of the joint chiefs of emptive strike remained an forces did not pull back. "We have prepared the contingency plans to do that. We will resolve the crisis in a relatively short amount of time, and if that requires the use of military power, we are prepared to use it."

> Mr Douglas Hurd, the UK foreign secretary, left for Kuwait last night where he is expected to meet the Gulf Co-operation Coun-cil. The foreign ministers of the six members of the council -Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Bahrain and Oman - are gathering to show their united opposition to the Iraqi military threat.

In Moscow, the Russian foreign ministry said it was sending two senior diplomats to Baghdad and Kuwait in an effort to defuse the crisis. A spokesman said the Russian plan was to encourage Iraq to pull back its troops in return for the prospect of an eventual easing of UN sanctions.



Lady Thatcher and John Major at the start of the UK Conservative party conference yesterday

Lamont re-opens Tory split over European Union

By Philip Stephens,

Mr Norman Lamont, the former chancellor, last night re-opened the deep divisions in the Conservative party over Europe with the stark suggestion that Britain might have to consider withdrawal from the European Union. His uncompromising rejection on the first day of the Tory conference of any further moves towards European integration was instantly dismissed by Mr Douglas Hurd, the foreign secre-

tary, as "completely out of date" But, with some on the Eurosceptic wing of the party backing Mr Lamont's stance, the speech signalled the potential for the 1996 Intergovernmental conference on EU integration to spark a renewed Tory civil war.

Mr Lamont accused Mr John Major of "wishful thinking" in judging that Britain's partners would not press ahead with a single currency and dismissed as "simplistic" the prime minister's

assertion that leaving Europe tending we belong to another not a "shred of evidence" that any of the 11 other governments

shared Britain's view of the EU's Earlier Mr Hurd had antici-

pated the intervention by warning the conference to ignore the Eurosceptics. Insisting that the federalist ambitions of Britain's partners had been severely curbed by the experience of the Maastricht Treaty, Mr Hurd said: Our interest lies in steering Europe our way, rather than pre-

Amid a clamour of criticism from the pro-European wing of the party, other cabinet ministers were less diplomatic and accused Mr Lamont of being driven by a desire to exact revenge on Mr Major for his dismissal from the

But Mr Lamont articulated the views of a small but powerful minority within the party at Westminster. A number of

Continued on Page 18

Games of chance set up Nobel prize in economics

By Stephanie Flanders

Three academics from the US, Germany and Hungary won the Nobel economics prize yesterday for their work deriving economic lessons from the dynamics of

simple games. The winners were Dr John C. Harsanyi, born in Budapest and now at the University of California at Berkeley, Dr John F. Nash, of Princeton University, and Dr Reinhard Selten, now at the University of Bonn. They are the first economists to win the

A poker game is in Nash equilibrium

 $\in S_i$, $u_i(s) \geqslant u_i(s|s_i)$.

prize from the field of "game theory", one of the biggest trends in economics of the past 30 years. games such as poker to deduce lessons about situations in which people may base their decisions on how they expect others to react. Pioneering work by yester-day's winners has since been applied to everything from corporate pricing strategy to international disarmament talks.
All three theorists tend to express their ideas in complex

> Continued on Page 18 Editorial Comment, Page 17

Cable and Wireless to unveil telecoms project in China

By Andrew Adonis in London

Cable and Wireless of the UK will today announce a large telecoms development project in China which could lead to the opening up of the world's largest telecoms growth market to foreign opera-

tors.
The deal will involve Hongkong Telecom, of which C&W owns a majority stake, in a joint venture with Chinese partners to expand the country's telecoms services. Until now, China has maintained a state monopoly over telecoms services, although western telecoms equipment suppliers have long been established in the Chinese market.

A leading Hong Kong analyst said the agreement would involve either a substantial loan from Hongkong Telecom tied to an operating agreement, or a leasing arrangement, either of which might in time be convertible into

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"This is a watershed, which could lead within months to a far wider opening up of Chinese tele-

coms to overseas operators," he The Cable & Wireless board met in Shanghai on Monday, when the agreement was finalised. The agreement follows months of intensive contacts between C&W and China's minis-

try of posts and telecommunications, during which the ministry nominated C&W as its "preferred partner" for future operations. China has ambitious plans to increase its number of phone lines from about 30m to at least 110m within the next decade. But the ministry is believed to be finding it increasingly difficult to secure supplier finance for tele-

The last significant step in the erosion of the state telecoms monopoly took place in July, when the state council allow ministries other than posts and telecoms to operate telecoms net-

works. Three other ministries - rail ways, electronic industries and electrical power - launched a new telecoms network backed by leading domestic groups, which has called on US operators for

technical advice.

Earlier this year the operating and regulatory divisions of the MPT were separated, making it easier for new operators to estab-lish themselves. Lord Young, C&W chairman, held talks in Beljing in March with telecoms officials and with Mr Jiang Zemin, China's president. He predicted then that C&W's first Chinese joint ventures could be agreed by the end of the year.

obliged the government to move faster than expected on joint ventures with foreign network opera-

coms expansion, which has

Management 12 M. Cap Mitts 23 Equity Options 38	Wall Street
10 Adv. Guida	38

CONTENTS

LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO



Smart Ross returned Scotland's oldest independent brewery. Belhaven, to Scottish control with a £36 million management buy-out

6 One of our stipulations to CVC was that we had to structure a deal which would leave us headroom to expand. It was the flexibility of their proposals that finally persuaded us to go with them. 9

We are turning managers into owners all over Europe

Contact us for a copy of our portfolio of case histories of the acquisition of companies by management.

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Stock market anticipates Kohl victory

By Andrew Fisher in Frankfurt

Growing confidence among investors that Chancellor Helmut Kohl's govent would be re-elected on Sunday helped the German stock market to make further gains yesterday after earlier concern that the coalition might lose the vote.

The DAX index of leading stocks in Frankfurt added a further 2.3 per cent, or 46.3 points, to reach 2.071 points after a rise of 3.3 per cent (64.2 points) on Monday. Also contributing to the continued upturn was the stronger performance in the bond market. Despite the positive German stock market showing, however, some economists still feel Mr Kohl

could have an uphill struggle to win this weekend's general election. "I think his chances are slightly better than 50-50," said Mr Holger Fahrinkrug. Frankfurt-based economist with UBS Global Research.

This morning, he added, stock market opinion was probably tilting to a 55 per cent probability of a victory for Mr Kohl, whose Christian Democratic (CDU) governs with the Bavarian Christian Social Union (CSU) and the Free Democrats (FDP); the latter have done badly in recent state elections. Now, he thought, market opinion in favour of a Kohl success had probably strengthened to 60 per cent. In its latest monthly German

swing to the left is worrying loves-tors and contributing to a high liquidity preference.'

Recent opinion polls suggesting the governing coalition was likely to win an outright victory, with the FDP staying in parliament, have helped market sentiment.

So has confidence about the economic recovery and receding inflation, despite yesterday's news that west German inflation in September had stuck at 3 per cent instead of easing to an annual 2.9 per cent as provisionally stated.

Agreeing that the government was likely to be re-elected, Mr Ulrich Nötges, economist at Trinkaus Capital management, wrote in a pre-elec-

blase about the outcome and then swung to over-pessimism. "Only since the start of September do opinion polls show that the coalition has a proper chance of being re-elected." ■ A novel opinion survey set up with the help of the Nobel economic prize winner, Professor Reinhard Selten. says Mr Kohl will win, Wirtschafts-

reports from Bonn. The economic weekly said its Election Bourse survey, which has 500 real traders dealing in fictitious stocks linked to the political parties, said Mr Kohl's coalition would win a tiny majority of seats with 48.6 per cent of the vote. The survey, for

woche magazine reported, Reuter

was an adviser, had traders buying and selling each party's stocks according to what they expect the final result to be. Their figures show the combined opposition getting 47.5 per cent and thus failing to reach an anti-Kohl majority.

The Social Democrats would get 35 per cent, the Greens 8.2 per cent and the reformed communist Party of Democratic Socialism 4.3 per cent.

'An election market follows quite different principles from normal opinion polling," Wirtschaftswoche quoted Prof Selten as saying. "How the participants will vote is not decisive, but rather which result they

Serb-Croat deal on the cards'

Serb and Croat media reports insisted yesterday that a formal reconciliation between Belgrade and Zagreb was under active consideration, despite official denials from both sides. Serbia's President Slobodan Milosevic has come under strong pressure from western countries and his close ally. Russia, to recognise the Croatian government and acknowledge, at least in princi-ple, Croatia's territorial integrity. This would mean renouncing all claims that a separate mini-state has been created in the Serb-controlled areas of Croatia. Mr Predrag Simic, director of Belgrade's leading foreign policy institute, said reconciliation with Zagreb would be the "logical next step" in the more moderate foreign policy course charted by Mr Milosevic since his decision in August to sever ties with Bosnian Serbs. There have been persistent reports of a secret Serb-Croat meeting at Graz, Austria, having taken place recently.

Meanwhile, prosecutor Richard Goldstone said yesterday in The Hague that the Yugoslav War Crimes Tribunal would issue indictments next mouth. He expected to begin trials in March. He said Croatian officials had agreed to surrender war crime suspects but there was no indication of the identities of the suspects, or whether they were even in custody. So far the Serbian government has refused to co-operate with the inquiry, set up by the UN Security Council last year. Bruce Clark in Belgrade and Agencies

Private cable operators organise

A group of Europe's leading private cable operators will this week launch an association to campaign for permission to carry telecommunications services across their networks in competition with phone companies. The move comes as the European Commission seeks to persuade EU telecoms ministers to allow competing telecoms networks, including existing cable television systems. The Association of Private European Cable Operators will include Générale des Eaux, the main French private sector cable operator, UK-based cable companies - which since 1991 have been allowed to offer telecoms services and now have more than 500,000 phone subscribers and independent operators in Denmark and Germany. The association, based in Brussels, is a break-away from the European Cable Communications Association by private operators whose interests are diverging sharply from those of the stateowned phone companies which account for 40 per cent of Europe's cable connections. About 43 per cent of Europe's cable connections are provided by private operators, with a further 17 per cent provided by local authorities or non-telecoms utilities. Andrew Adonis, London

Polish defence row simmers

The Polish parliament's defence committee yesterday came out strongly in support of Mr Piotr Kolodziejczyk, the defence minister who is at the centre of a dispute over control of the armed forces between the government and President Lech Walesa. The committee, meeting on the day after Mr Walesa asked Mr Kolodziejczyk to resign, called on the government to examine the circumstances of an alleged "revolt" by the top military command against Mr Kolodziejczyk last week on manoeuvres in Drawsko. President Walesa, who wants to control the army directly through the general staff, explained in a letter to the committee yesterday that he had indeed asked Poland's top generals to express their view on the progress of army reforms. Yesterday, however, Mr Kolodziejczyk, a retired admiral and once a Walesa favourite, said the president had asked the generals to vote on his record. "Eleven voted against and two for," Mr Kolodziejczyk said, adding that he would not resign until the issue of bringing the army into politics in this way had been resolved. Christopher Bobinski, Warsaw

Belarus bans foreign currency

The Belarus government, which until recently was pressing for monetary union with the Russian rouble, has banned its e, along with other foreign currency in all ca tic transactions. The Belarus rouble will be the sole means of payment in retail trade by the end of the year and enterprises have to comply with the order within a week. Russia approved a similar move earlier this year, outlawing the common practice of many shops to quote prices in dollars or other convertible currencies. Belarus's first post-Soviet government lobbied for monetary union with the Russian rouble but central banks in both countries dismissed the arrangement as unworkable and President Alexander Lukashenko has dropped the proposal since his election in July. The "anti-crisis" programme approved by the Belarus parliament earlier this month plans to cut monthly inflation to 7-8 per cent by next June and reduce the budget deficit. Inflation last month stood at 25 per cent, down from 53 per cent in August. Reuter. Minsk

Caspian nations get together

Representatives of all the countries surrounding the Caspian Sea will meet today to try to hammer out their differences over claims to the region's natural resources. The precise demarcation of borders has been in dispute following the break-up of the Soviet Union. Russia and Azerbaijan have recently squabbled over oil rights after a \$7bn exploration and development deal was announced by the Azeri government. The sea is enormously rich in oil resources and has been the focus of much exploration activity by foreign companies. The other interested countries, which include Iran, Kazakhstan, and Turkmenistan, will discuss the division of mineral and fish resources and also navigational issues for shipping. The Russian government, which will be represented by Mr Andrei Kozyrev, foreign minister, will stress the unacceptability of unilateral action by any one government bordering the sea. Mr Kozyrev met a representative of the Iranian government yesterday. John Thornhill, Moscow

Nuclear arrests in Romania

The Romanian police have arrested three Moldovans, two Romanians and two Jordanians in possession of 7kg of uranium and strontium, Radio Bucharest reported yesterday. The seven were trying to sell the nuclear material for \$400,000 and had been arrested in Vrancea, central Romania, following a tip off from security services. It is the second uranium smuggling incident in Romania in the past 10 days. Police said last week they had arrested six Romanians, including two army officers who were attempting to sell 4.5kg of uranium 235 and 238 at a villa near Bucharest. Officials said they believed the uranium had come from abroad. The arrests follow a recent spate of cases of uranium smuggling in eastern Europe. Most have involved uranium from nuclear plants in the former Soviet Union. Romania, which borders the former Soviet republics of Ukraine and Moldova, is close to completing its first nuclear plant. *Virginia Marsh, Budapest*

ECONOMIC WATCH

Hungarian trade setback

Hungary's trade deficit jumped to a record \$473.6m in August, bringing the total deficit in the first eight months to \$2.594bn. the Trade and Industry Ministry said. Exports in the same period were \$6.361bn, up 12.2 per cent over the first eight months of last year, while imports rose 16.1 per cent to \$8.954bn. Officials blamed the August deficit on exceptional items such as a \$147m payment for the lease of Boeing airliners by Malev, the national carrier, and energy imports costing \$136m. The central bank has devalued the forint by 1.1 per cent with effect from today, bringing total devaluation to 14.9 per cent this year. Virginia Marsh, Budapest

All had to tech !

Denmark's gross domestic product growth rate is set to level off, with no signs as yet of higher inflation, the central bank governor, Mr Erik Hoffmeyer, said yesterday. "We expect the... high 4.4 per cent rate predicted for 1994 to level off to 3 per cent in 1995." he said.

Bonn government basks in the light of television coverage

On air, some are more equal than others, writes Judy Dempsey



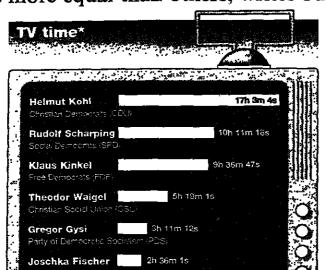
On the night of August 17, German holidaymakers who had flocked to the Canary Islands for their vacation pected opportunity to see an interview with

GERMAN Chancellor Hel-ELECTIONS mut Kohl on October 16 vate commercial television channel. For one

hour, the chancellor, unhindered by any trenchant questioning, covered a broad range of issues. "This was not a political broadcast," insisted Ms Simone Telgart from Sat 1. We interviewed him not as head of the Christian Democratic Union but as the chancellor. That interview, directed spe-

cifically at German holidaymakers, was a foretaste of things to come as television geared up for next Sunday's federal elections.

"There is no doubt television has played a very important role in this campaign and will play a crucial role in influencing the undecided voters," said Mr Manfred Güliner, head of the Dortmund-based Forsa Institute for Social Research and Statistical Analysis.



*Discussions/talks by the leading politicians from Jan 1 through to Sept 30, 1994 "At least 15 per cent of voters have still to make up their minds how they will vote. In this context, the role and influ-

paign is much greater than in other federal elections." In the past, particularly during the 1970s and early 1980s, voters were exposed to only two state-run television channels: ARD, controlled by the 16 states, and the Mainz-based

ZDF. Since the advent of pri-

ence of television in this cam-

vate television in 1985, viewers have had a choice of several commercial and satellite channels. These include: RTL, partly owned by the Bertelsmann publishing group; Sat 1, jointly owned by Munich-based mogul Leo Kirch and the Springer group; and Pro 7, also

owned by Mr Kirch. By law, the channels are required to provide equal opportunities for expression of not required to give equal time to each party outside party political broadcasts.

Sat 1, with 16 per cent of the audience, and ZDF, with 17 per cent, have consistently supported the CDU, and particu-larly Mr Kohl, throughout the campaign. You know exactly where you stand with Sat 1, said Mr Güllner, adding: "It's the Kohl channel."

Between January and the beginning of this month, Sat 1 had broadcast five hours and 10 minutes of interviews with Mr Kohl. compared to one hour and 24 minutes with Mr Rudolf Scharping, leader of the opposition Social Democrats. Mr Klaus Kinkel, foreign minister and leader of the Free Democrats, junior partners in the Bonn government, was given a mere 47 minutes.

The Greens and the Party of Democratic Socialism (PDS), successor to east Germany's Communist party, hardly got a look-in. Mr Joschka Fischer, Hesse's environmental minister and a prominent Green, has been given one minute and 19 seconds; Mr Gregor Gysl, the PDS parliamentary leader, seven minutes. Neither has been interviewed. Said Ms Telgart: "We are concentrating on the main established political parties. And in any case, its natural that the chancellor gets the most air time."

SPD leader Rudolf Scharping: television has had much less time for him than his rival, Helmut Kohl Mr Kohl and the CDU could hardly ask for better coverage from Sat 1, particularly since Mr Kirch is able to extend his influence beyond television. He owns a 37 per cent stake in the Springer group which publishes the conservative Die Welt daily and the Bild tabloid, both staunchly CDU.

At Springer, Mr Kirch can rely on Mr Jürgen Richter, its new chairman, to promote the CDU. Like Mr Kirch, Mr Richter is a personal friend of the chancellor from the days when he was running the Rheinpfalz newspaper group at Ludswigshafen, near Mr Kohl's home. It was that newspaper group, backed by the chancellor. which took over the Freie Presse in Chemnitz, one of east Germany's largest dailies.

Such support for the CDU is boosted by ZDF. According to Media Control, an independent company specialising in the electronic media, the channel has given Mr Kohl more than five hours of air time between January and the end of September, compared to three hours and 10 minutes for Mr Scharping. In contrast, ZDF has given Mr Kinkel over four

hours and 17 minutes. Some of Germany's other television channels and newspapers have tried to provide more balanced coverage. Mr Güllner reckons RTL and ARD are "comparatively fair". Indeed, Media Control has shown that there is only about 30 minutes' difference between the air time given the two main leaders, while the Greens, FDP and PDS are given coverage as well, although no channel has managed to have a debate between Mr Kohl and Mr Scharping. But Media Control has also shown that on the four main channels Mr Kohl has received 17 hours and three minutes; Mr Scharping 10 hours and 11 minutes. "We have complained to the television authorities about the bias," said the SPD's Ms Mechthild Reith "But we had little success. Without a doubt, television has been pro-Kohl

and CDU, and ZDF has becoming increasingly pro-Kohl." The election coverage has convinced Mr Gällner, and Mr Hans Hege, head of the Berlin-Brandenburg Medienanstalen. a body supposed to ensure a wide variety of high quality programmes, of the need to set a ceiling on ownership of television channels, or audience

*Once this election is over, there will have to be a major rethink about the ownership structures." said Mr Güllner.

German vision of EU outlined

By Emma Tucker in Brussels

The transfer of sovereignty away from member states to European Union institutions remains at the core of European unification, Mr Roman Herzog, the German president, told a group of Belgian busi-nessmen yesterday.

"This conviction of the founding fathers... has lost none of its importance nor of its topicality," he said, addressing the problem of how to fashion a union of 20 or more member states as more countries queue up to join. His forthright

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the emphasis on further integration and highlighting, to increasingly sceptical citizens, that national governments remain in charge of the Euronean Union. But speaking to the Federation of Belgian Enterprise, Mr Herzog said the German presidency of the Union - which comes to an end in December had allowed a united Germany to show that it still subscribed

wholeheartedly to a united

endorsement of a united Europe comes at a time when

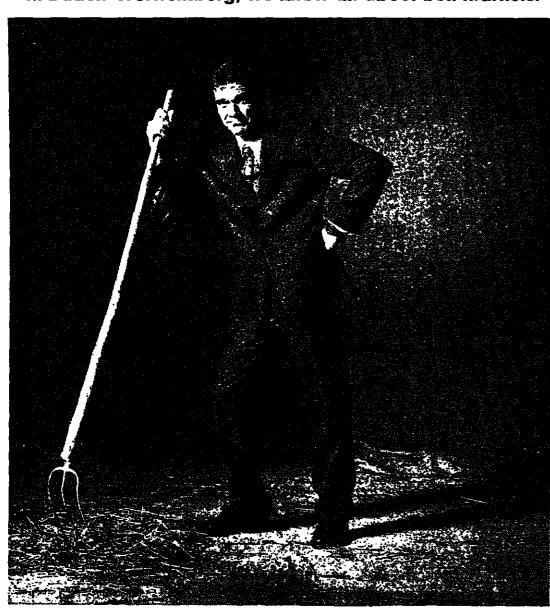
governments are playing down

The conclusion of the Maastricht treaty allowed the Union to take a big step forward," he said. "That is not to say that in the face of new challenges, the Union will not have to work to win the confidence of its citizens, and in some instances, win it back."

Addressing the principal theme of the German presidency - enlargement of the EU to take in the countries of east and central Europe - Mr Herzog pointed out that western Europe would not be able to continue to enjoy its current levels of wealth and security if east and central Europe remained poor and insecure.

But he warned that "adhesion cannot happen from one day to the next. Among the countries waiting to join, none has yet completely surmounted the profound crisis brought on by transformation that all of them face." Last month France and Germany called upon the Commission to produce a white paper setting out a plan for enlargement to the east.

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tion of agriculture, of course. Which brings us back to those bull markets. D-76113 Karlsruhe, Germany,

French tear down symbol of urban conflict and despair

Andrew Jack reports on the demolition in Lyons yesterday of a low-income tower block city that became a national embarrassment or a suburb known and 86,000 tonnes of rubble mixed housing. Low-income throughout France as a

throughout France as a synonym for the worst in urban conflict and decay, Les Minguettes is remarkably hard

The area seems to be mysteriously off the edge of many of the maps of Lyons, just as it is a little beyond the end of the métro line, itself only extended far into the south-east of the

city in recent years.

Many in the region would probably like it to remain forgotten, given the associations of Minguettes with the riots in the "hot summers" of 1981 and 1982 which gave it national notoriety and helped trigger a range of government inquirtes and new urban policies.

Yesterday was an exception, as thousands gathered to witness one of the most ambitious such acts ever undertaken: 10 of the 15-storey, low-income housing blocks in the suburb that became most tarnished with despair over the past 30 years were demolished by explosives in a matter of minutes. The so-called "Towers of Democracy", distinguished by little more than the enormous purple numbers on their flanks, disappeared from the skyline. The recently-erected barriers will soon be removed

The destruction left many -including former inhabitants with a sense of relief, and marked the end of an era of technocratic 1960s urban planning strategies. But others were left wondering whether it was all in fact far more sym-

bolic than useful. Some 48 high-density towers still stand in Minguettes, rem-nants of one of the "mushroom cities" constructed at great speed in the late 1960s and early 1970s to cope with extreme housing shortages. At their peak, the blocks accommodated 35,000 people.

Mr André Gérin, the Commu-nist mayor of Venissieux, the municipality in which Min-guettes is based, remembers the excitement when they were first built. Formerly a worker in a lorry factory, he moved into one of the blocks in the late 1960s and recalls the delight of being for the first time in a flat that was modern and spacious, with central heating and a bathroom.

Yesterday he said he felt mainly "relief" at the destruc-

tion of the flats. The problem was partly poor quality construction and management, and partly the failure of attempts to create socially-

favour lower-density construction. Over the following years, those who could afford to moved out: the young profes-sionals, skilled workers, any-one with money. A residue of increasingly more marginal-

ised groups remained. Struggling with economic recession, Minguettes became one of the most concentrated areas of deprivation in the country. Even official statistics, which substantially underestimate the problem, showed unemployment last year at 22 per cent.

Tearly a quarter of the population are classi-fied as immigrant, more than a third are aged under 19, and more than 22 per cent live in households of at least five people. Many families have fallen behind in paying their subsidised rents. Crime, drugs and educational failure are all widespread.

The difference in lifestyles between the older French population and younger immigrants in the area has helped fuel racial conflict, while relations between the police and the local youth - particularly those of North African origin

Yet even the saga of the demolition of the "Towers of Democracy" highlights the problems of French urban policy. It has taken nine years and a number of alternative plans for rehabilitation since the flats were emptied of residents in 1985 in preparation for

Mr John Tuppen, a geogra-pher at Lyons business school, says the delays were partly explained by political complications and persistent disagreements over the different policies of the various strands of government. It remains unclear whether the

local community will be able to gain sufficient political and financial support for its plans for Minguettes; an extension of the métro, a new media centre and a technical institute.

"Most of the proposals to do with 'Democracy' have come to nothing," says Mr Tuppen. Even the planned physical changes do little to affect the underlying social problems. "Despite all the rhetoric, it is unrealistic to expect any major change while there is such high unemployment," he says. Mr Gérin, the mayor, is optimistic about the future, pointing to a strong sense of local community. "We need to pro-ceed with humility and wis-



Ten tower blocks in Les Minguettes, a complex in a Lyons suburb, being demolished yesterday. The 15-storey blocks disappeared from the skyline in a cloud of dust as many expressed a sense of relief at the end of an era of 1960s technocratic planning

dom, realising that it takes time to build a town," he says. But his solutions are ambitious: social integration, work and greater local power. Father Christian Delorme, in charge of relations with the Moslem

community for the Diocese of Lyons, sees continued tensions between the second generation of North Africans and other members of French society. including the police. "I am nes-

becoming more like American ghettos. It would be difficult to create balanced communities

While yesterday's demolition cost an estimated FFr14m (\$2.65m) the municipality still FFr17m to complete payments to the state for the blocks' original construction. It will be a continual reminder that the problems of the past are far

Kuchma plans big reforms for Ukraine

By Matthew Kaminski in Klev

Ukrainian President Leonid Kuchma yesterday outlined a radical economic reform programme in an inaugural policy address before parliament.

Mr Kuchma, elected in July, confronted the communistdominated chamber with plans to privatise land, overhaul agriculture and cut state subsi-dies as part of Ukraine's first real attempt at reform. The president also claimed wide powers to implement the steps even in the face of opposition

Mr Kuchma's speech, which had been postponed several times, is the first clear public indication that the Ukrainian president intends to support comprehensive market reforms. His address is a direct challenge to the conservative legislature and to western governments, which Kiev will now expect to deliver on promises of substantial aid.

The broad strokes of Mr Kuchma's reform programme come from the preliminary deal agreed with the international Monetary Fund last week on a \$360m loan, the country's first since independence, But Mr Kuchma, defying expectations of some western observers who doubted whether the former missile factory director would ever be fully converted to the cause of market reforms, went beyond that text.

After outlining Ukraine's economic predicament, the president said the only way to ensure "true independence" and prevent "colonial status" was to stabilise the currency and inflation, overhaul the taxation system to lure businesses back from the growing shadow economy, and reform financial

services. Although Mr Kuchma campaigned on a pro-Russian plat-form, he couched his economic programme in national terms. Mr Kuchma, still viewed suspiciously by some nationalist politicians who fear he seeks a reunion with Russia, warned parliamentarians that economic reforms are crucial if Ukraine is to survive as an independent state.

"Our banks are not strong enough to fight and compete with Russian banks," he said in his now fluent Ukrainian. "We must do a lot to ensure economic sovereignty."

Against strong parliamentary opposition, Mr Kuchma also endorsed land and property privatisation only days after Mr Alexander Moroz, the conservative parliamentary chairman, vowed to oppose these measures.

The other bold step, awaited by World Bank negotiators keen on structural reform, was ture, potentially Ukraine's most profitable industry but now heavily subsidised.

"The key to the realisation of real reform in Ukraine is agriculture," Mr Kuchma said.

Mr Kuchma also endorsed large-scale privatisation, currently stalled, and the decentralisation of the economic control currently exercised by central ministries. Both steps face strong opposition in parliament and among some min-

Mr Kuchma warned that he would not permit parliament to hamper his economic plans. "Political changes are needed too," he told MPs. "Parliament cannot interfere in the affairs of the president [and] ... does not have the power to act indenendently on economic

With the constitution unclear on division of powers. Mr Kuchma claimed the power to appoint regional government heads, unilaterally establish the division of power between the president and the legislature and eventually replace the Brezhnev-era constitution.

He also appealed to international financial institutions for further aid, such as the \$4bn promised at Naples' G7 summit, to promote reform. He said "we cannot solve energy problems on our own" and saw a need for external financing to cover the chronic balance of payments gap, now at \$3bn. His speech was seen as a

direct attack against the communist-dominated parliament which poses the greatest potential threat to reforms.

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Russians bemused by 'Black Tuesday' Irish PM's pay

Either by accident or design, the government appears to have lost control of the rouble, reports John Thornhill

R ussia is not the first country to experience the humiliating effects of a currency market in full flight - although few devaluations can compare with the rouble's fall, in speed and scale. Like many before them, Russian ministers and central bankers yesterday were like puppets tossed around by the savage forces of a panicking

The Russian media were quick to pronounce "Black Tuesday" following the "catastrophic fall" in the rouble. The reaction of ordinary Russians was one of stunned incomprehension.

No one in the streets knew what it would mean for the everyday economy. "Collapse? Hyper-inflation? We simply do not know," said one confused Russian. Currency exchanges shut their doors for "technical reasons" as anxious crowds milled around outside.

Rouble rates unified at

Roubles per S

2,000

3,000

A currency market in full flight

thanties allow turther fall to release market pressure

Oct 10 1994: 3000 barrier breached; Oct 11: 3926 close

Mr Yuri Zarubin, who works at a computer company which sells software priced off the dollar was fearful of the effects, thinking his company's

sales would be badly hit. His wife, Olga, said: "All the prices will go up again and I do not know how we will buy the most basic things." What cannot be measured is

the psychological damage the rouble's fall will inflict. The value of the currency has great symbolic significance in Russia. A television advertisement for one Russian finance company envisages the day in 1999 when the dollar will have collapsed to a few kopeks against the mighty resurgent rouble. Such advertisements tap into a

deep vein of Russian pride. Throughout the summer the central bank appeared to have done a good job in husbanding the rouble. Indeed, in real terms it had appreciated against the dollar, encouraging

> government has been seeking to protect domestic industry by raising import duties.
>
> The rouble's fall will have a similar effect. The relative price of imported goods will shoot up making life difficult for the western consumer goods manufacturers active in

spoke with pride about how

they were winning the confi-

dence of the people. Their eco-

nomic stabilisation policies

were having a visible effect.

Russia was beginning to

become a "normal" country

How severely the govern-

ment's economic programme will be jeopardised by the rou-ble's fall is - as yet - impossi-

ble to tell. The devaluation will

undoubtedly bring relief to

some parts of the economy - at

least temporarily. The energy

sector, in particular, which

sells oil and gas abroad for

hard currency, will make use-ful currency gains although

they will also have to pay more

for imported equipment.

The devaluation may also

help domestic manufacturers

compete more effectively

against imports. The Russian

once again.

the Russian market. In comparison with most countries, however, imports still represent a relatively small proportion of all traded - especially outside the big cities,

is far from certain that the rush into the dollar will necessarily fuel inflation. The critical test will be the effect the devaluation will have on the prices of domestic goods.

Some economists argue that

Some devaluations have

people to hold roubles to the benefit of the Russian governproved beneficial in retrospect and there is a certainly a benign interpretation that can ment bond market. be placed on the rouble's fall. Russia's reformist ministers

One western economist in Moscow says: "There are two ways of viewing it. The negative one is simply that the government has lost the trust of the people. The other is that the government is letting the rouble slide to help exchange rate stabilisation in 1995. On this view, the rouble's fall is a policy pursued by the government not imposed by the mar-

At the government's budget meeting held at Sochi at the weekend, it is believed ministers discussed an extremely tight budget for 1995 with the aim of reducing the monthly inflation rate to 1 per cent Credit emissions would be strictly controlled and a real attempt would be made to produce a stabilisation package for 1995.

But some ministers argued that trying to stabilise with the rouble at too high a level would inflict further unaccept-able pain on Russian industry.

"At this new rate all opposi-

tion within the government to

trying to fix an exchange rate next year has been eliminated. Previously there was a view that the stabilisation policy was too tough for Russian industry," says one source familiar with the discussions. The government believes that perhaps as much as \$10bn of western money would be needed to stabilise the exchange rate but fears the IMF will not move quickly enough to support a new level.

The IMF will face an agonising

decision about the extent of its

support following the rouble's

ПОНУПНА ПРОДАНКА

The rouble in trouble: a bank clerk posts the latest rates in a Moscow street

The danger for the government is that its plans, if such they are, might yet be defeated by the manner of their implementation. The problem perhaps is not so much the level at which the rouble now trades but the speed with which it has fallen.

There is not much the central bank can do to stabilise the situation if the rouble conVictor Gerashchenko, chairman of the bank, threatened to raise interest rates to help defend the currency if the spec-ulation continued but that would further damage Russian

"The trouble is the govern-ment's credibility has been obliterated. It will now be that much harder to try to stabilise the currency next time round,"

increase raises issues of state

came under attack from opposition politicians over a proposed 17 per cent pay rise which they said would make him the second-highest paid head of government in Europe while he has one of the smallest countries to run, Reuter reports from Dublin.

The row broke out shortly after the resolution of a parliamentary dispute over top legal appointments between Mr Reynolds's Fianna Fail party and its junior Labour party coalition partner - which had briefly raised the prospect of an early general election.

The attack on Mr Reynolds' pay increase was led by Mr John Bruton, the leader of the opposition Fine Gael party. "We have a situation where our prime minister is the second-highest paid in Europe, while we are one of the smallest countries. He is now paid more than [British prime minister) John Major, who has a ioh which involves dealing with a population between 15 and 20 times as big as the one for which Mr Reynolds is responsible.

The pay increase would give Mr Reynolds, whose country has a population of 3.5m, an annual salary of around I£100,000 (£99,240), compared with the £280,000 earned by German Chancellor Helmut Kohl, head of a nation of 75m people, and Europe's best-paid

political leader. Mr Bruton tabled a motion calling for the pay increase to be postponed but it was

The Irish prime minister, Mr Albert Reynolds, yesterday Earlier, the Labour party Earlier, the Labour party leader, Mr Dick Spring, had raised the prospect of an election barely two years after the ruling coalition was formed by objecting to the naming of the attorney-general, Mr Harry Whelehan, as president of the High Court.

However, the government said a few hours before parliament reconvened after a 103day summer recess that it would legislate to make changes to the way top legal

appointments are decided.

This row had been seen as a trial of strength between Labour, whose popularity has been slipping in opinion polls, and its dominant government partner which might have held up an Anglo-Irish campaign to bring peace to Northern

Mr Spring had said that the Labour party wanted to be consulted and involved in such top appointments and put forward alternative candidates which Mr Reynolds refused to accept.

The dispute was smoothed over when it was announced that the government had accepted the recommendations of a parliamentary committee set up to mediate in the crisis and said legislative changes would be needed. The state-ment said a new High Court president would be named when the changes had been brought into law but gave no further details.

The announcement ended weeks of wrangling over the appointment which had raised Fine Gael's hopes of ending Fianna Fail's grip on power.





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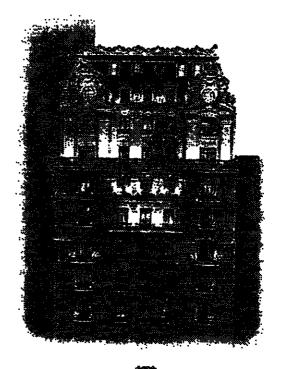
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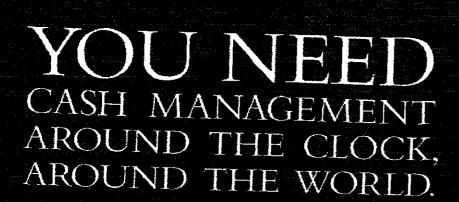




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Thai state sell-offs prove to be a half-hearted business

Privatisation can mean the government retains control and will not let go, write Victor Mallet and William Barnes

not a privatisation? The answer, according to critics of Thailand's halfhearted attempts to sell state enterprises to the public, is when the government retains management control over the "privatised" company and will

Thai Airways International was floated on the Thai stock exchange more than two years ago, but only 7 per cent of the company was offered to private investors; the poor perfor-mance of the shares has delayed the sale of further tranches: the finance ministry has 93 per cent.

The Electricity Generating Authority of Thailand (Egat) embarks on privatisation in the next few weeks by floating a subsidiary called Egco that will own at least one power station, but Egat will keep a controlling stake and sell only half the shares to the public.

The Telephone Organisation of Thailand (TOT), which failed for years to provide Thailand with enough telephone lines, has contracted private companies to instal 3m new lines in exchange for a share of revenues. But the TOT and the Communications Authority of Thailand (CAT) maintain monopoly control over local and international

leum Authority of Thailand still controls 71 per cent of PTT **Exploration and Production** (PTTEP), the subsidiary it floated last year. Private investors hold only 20 per cent of Banechak Petroleum, the oil refiner and distributor floated last month. "It's not real privatisation," says Mr Prachai Leophairatana, chief executive of the privately-owned Thai Petrochemical industry. "The gov-ernment still holds and con-

trols the whole thing." Thailand has embraced the principle of privatisation since 1988, both to raise funds for heavy capital spending by state utilities and to increase their efficiency, but successive governments have been slow to implement the policy. Until now, there has been little sense of urgency. Egat, the biggest state enterprise, has increas electricity generating capacity fast enough to meet surging demand in Thailand's fast

growing economy. In other state companies. some managers are reluctant to lose control of lucrative fiefdoms or open the financial accounts of their companies to the public. Before its privatisation, Thai Airways was controlled by the air force; the company bought a bewildering array of aircraft and engines which appeared to have little

munities believe a more stable

and healthy political environ-

ment could emerge. This would

lift Kuwait's, and the region's,

economy out of the present

The rush to get cash and

hard foreign currencies, which

began on Friday, had largely

dissipated by Monday night,

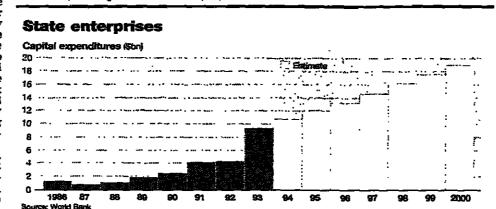
and according to some bankers

had been reversed by yester-

day, when Kuwaiti dinars were

stagnation.

	STATUS OF PRIVATISATI		==		
	Name of State Enterprise	Not Yet Started	Being Contracted	Ongoing	Completed
1.	Airport Authority of Thatland (AAT)	x			
2.	Bangkok Mass Transit Authority of Thailand (BMTA)	×			
3.	Communications Authority of Thailand (CAT)				×
4.	Electricity Generating Authority of Thalland (EGAT)			×	
5.	Express Transport Organisation (ETO)	×			
6.	Expressway and Rapid Transit Authority (ERTA)	x			
7.	Mass Communication Organisation of Thailand (MCOT)	x			
8.	Metropolitan Electricity Authority (MEA)				×
9.	Metropolitan Waterworks Authority (MWA)		x		
10.	Petroleum Authority of Thailand (PTT)		-	×	
11.	Port Authority of Thailand (PAT)	x			
12.	Provincial Electricity Authority (PEA)	•	×		
13.	Provincial Waterworks Authority (PWA)		×		
14.	State Reliway of Thailand (SRT)	x	-		
15.	Telephone Organisation of Thailand (TOT)	^			



to do with building an efficient now attempting to rationalise

"Anomalies are more apparent in listed companies," says

to spot where money can be siphoned out." He claims:

organisations. Anxious about the slow pace of privatisation, the Thai finance ministry last year asked the World Bank to send a mission to Thatland to examine the issue.

Mrs Manimal Vudtitornetiraks, one of the privatisation officials, says the various state enterprises and their parent ministries have been reluctant to privatise. "I don't think we can force any ministry to do it, but we can try to pressure them," she says. "That is why we asked the World Bank to make suggestions. We expect to see a steady stream of privatisations but each ministry will

have to make the move itself." World Bank officials are in no doubt about the benefits of selling state companies to investors. "Massive capital need is driving privatisation," says Mr Ismail Dalla, head of the Bank's privatisation mis-

According to Mr Dalla, the 15 Thai utilities on which the Bank concentrated its research have \$94bn (£62.6bn) of capital expenditure requirements up to the year 2000. They are not badly run and can generate \$41bn internally, but still need a further \$53bn. "If this financing gap is taken care of by the private sector, the government can focus on education, environment policy and welfare,

government," says Mr Dalia. Apart from recommending the use of a range of interna-tional and domestic financing mechanisms to ease the strain

on the Thai equity market as it absorbs huge privatisation issues, the bank has delicately suggested that Thailand should end the confusion arising from the hesitant privatisation moves made thus far. The most pressing need is for

independent regulators. At present the state-owned TOT and CAT are expanding into new telecommunications markets via private concessions and acting simultaneously as operators and regulators. If the TOT and CAT are privatised, they could find themselves competing against, and regula-

Egat will be in a similar position in the electricity market. It would hardly be surprising if Egat favoured Egco, which it controls, over its private-sector rivals in the awarding of power contracts.

ting, their own contractors.

Indeed it already does so. according to Mr Prachai; he says Egat will buy surplus electricity from his petrochemicals complex at a much lower price than from Egco.

"We are not aware of any country that has chosen to promote private power by creating a generating company that is

for, the purchases of its parent company," comments the draft World Bank report on Thai pri-

vatisation. "We recommend that the government fully divest Egco

as soon as possible. State enterprise managers and employees may balk at privatisation because they fear the loss of sinecures, but they are also tempted by windfall profits from share offerings and by big salary increases for civil servants who suddenly become executives in a "pri-

vate-sector" company. "It is kind of tricky when you are taking away someone's toy." says Mr Vuthipong Priebirivat, managing director of Thailand Rating and Information Services, which assigns credit ratings to potential bond

"But once they realise they can get another, perhaps even more attractive, toy when their business expands, they get interested.

The World Bank's Mr Dalla agrees. "A year and a half ago there was a lot of fear, especially among the employees But after PTTEP and Bangchak I think they realise it's a win-win situation because all the employees become wealthier through privatisation. I think it will accelerate. There are really no major hurdles in the way.

Minister to answer to Hualon inquiry

By Laura Tyson in Taipei

Mr Lin Chen-kuo, Taiwan's finance minister, and Mr Day Linin, chairman of the securities and exchange commission. are to appear before the legislature's finance committee today for questioning.

There have been calls for their resignations for their alleged part in a share market controversy that sent stock prices plummeting 14.7 per cent in a week. Mr Ma Ying-jeou, justice

minister, told the legislature yesterday that the government would crack down on illegal share trading activities, and defaults crisis would be brought to justice.

The episode erupted last Wednesday when Hung Fu Securities, controlled by the Hualon Group, bounced a cheque to the Taiwan Stock Exchange Corp, triggering a rash of cheque defaults total-ling T\$7.6bn (£182m).

Mr Lin and Mr Day will be asked to explain why they did not begin earlier to investigate suspicious trading in shares of Imperial Hotel, controlled by the Hualon group. The price of shares in the hotel rose from T875 to T\$402 over 10 months, sparking concerns among underground financiers lending to Hualon's chief, Mr Oung Ta-ming, which led them to withdraw funds.

Investigations could show that legislators, big companies and even government officials figured among Mr Oung's financial links. The three main political parties yesterday announced party members found to be involved would be punished.

Officials made a surprise raid on Mr Oung's beadquarters late on Thursday night and seized documents relating to the share crisis.

Mr Oung's chief trader and financial manager, Ms Li Hsiufen, was detained last Thursday morning as she tried to flee the country and has been held incommunicado since. Ms Li was responsible for Mr Oung's share trading activities as well as negotiating with the underground financiers who backed him.

Crisis could bring a blessing to Kuwait

US troop presence will almost surely mean a mini-boom, reports Robin Allen

uwait's financial and business community has praised the professionalism displayed by the government, the central bank and the Kuwait Investment Authority (KIA) in maintaining public confidence and forestalling panic in the emirate by "flooding the market with liquidity," as one banker put it yesterday. It is too early to assess the full impact of this latest crisis with Iraq, but the presence of more than 70,000 US and other troops will almost certainly lead to a mini-boom among importers, traders, and retailers and increased activity in consumer durables, foodstuffs and the catering business. If the US maintains its resolve over Iraq and Saddam Hussein's ability to intimidate Kuwait is eliminated, many in

A money changer at rest in Kuwait City's money market yesterday. After an initial rush for dollars, news of a possible Iraqi withdrawal calmed exchange activity

Indians), 7,200 Europeans, 4,400 North Americans, 282 South Americans and 479 Austral-

again in demand and cash was Those Kuwaitis who sold being returned to banks. dinars were simply transfer-Given the imbalance in ring money overseas rather Kuwait's population between than taking cash. The demand nationals and foreigners, bankfor hard-currency cash came ers said the rush to convert from the foreigners; the had sensibly been anticipated demand volume from banks' by the central bank. automatic teller machines over Of Kuwait's total population the Friday and Saturday bankof 1.75m, only 670,000 are ing weekend was always mannationals, latest figures from Al-Shall Economic Consultants ageable. The population as a whole stocked up on food. show. Its head, Mr Jassem Alwater and petrol, the last of which sells for less than \$0.5

Saadoun, is an independent economic adviser to Kuwait's per gallon. parliament. The balance of According to Mr Ibrahim some 1.1m people is made up Dabdoub, chief executive of largely of low-income workers, National Bank of Kuwait mainly expatriate Arabs, some (NBK), the leading commercial

Asians (mostly bank, the central bank minimised panic by instructing all banks to ensure public demand was met. The only problem encountered was getting hardcurrency notes from one branch to another.

> The government has gained in other ways. It has frequently been at odds with the national assembly over the management of the economy, but sensibly used Friday's emergency cabinet meeting as a chance to invite

the assembly's speaker, Mr

Communication has also improved between government and the public, largely because government spokesmen have encouraged the local press to

councils.

Even Kuwait's stock exchange, for years almost moribund, but recently reviving, has reacted favourably.

Share prices lost a little in the

first two days of the crisis, but since recovered. The real underlying problems confronting the economy - the fall-out from, successively, the Souk al-Manakh crisis when the unofficial stock market crashed in August 1982, the instability from the Iran-Iraq war which only ended in 1988, the oil-price fall of 1986.

Ahmad al-Saadoun, into its the Iraqi invasion of August 1990 and its aftermath, all of which drained private sector confidence - can only be met with a return to sustained political stability. A measure of the local economy's stagnation is shown in

central bank figures to last June. Some 55 per cent of Kuwaiti commercial banks' assets are represented by their holdings of government bonds; a further 20 per cent by their overseas holdings.

Only about 12 per cent of commercial banks' assets are in loans to the private sector. Most financing to the private sector is connected to the goverament's spending on oil or oil-related projects. The public sector in Kuwait is responsible for 75 per cent of overall economic activity.

But the government in turn only spends when it has enough money from oil, which accounts for more than 85 per cent of annual budget revenue. The combination of prolonged instability and a government strapped for cash

dominating the economy meant that for years the private sector has kept its money A portent of any impending economic recovery, were enduring political stability to return to the northern Gulf, came in September with the

public issue of shares held by KIA in the Commercial Facilities Company (CFC), a local consumer credit company. National Bank of Kuwait acted as lead manager for a group of local banks and investment companies which underwrote the issue on behalf of the government. Originally, KIA intended to sell only 30m of the 98m shares, 55 per cent of its holdings in CFC. However, the share issue was five times oversubscribed and in

its holding in CFC to a mere 15 If confidence returns to Kuwait, further public share issues could be as successful. Then, finally, Kuwait's econ-

omy could turn the corner.

face of this, KIA ended up sell-

ing 70m of its shares, reducing

NEWS IN BRIEF

Strike disrupts life in Karachi

Business activity was disrupted in Karachi. Pakistan's commercial capital, yesterday in response to an opposition call for a general strike, Farhan Bokhari reports from Karachi. Many businesses were shut and employees fearing violence stayed away from work. The Karachi Stock Exchange, the pulse of the country's business activity saw thin trading with turnover at a quarter of the market's daily average.

In Lahore Pakistan's second largest city and the home town of Mr Nawaz Sharif, the opposition leader, at least six people were killed in a bus accident during a pro-government demonstration by members of the ruling Pakistan's People's party who were protesting against the strikes.

The strike was the latest episode in an opposition-backed campaign by Mr Sharif who is demanding the resignation of Ms Benazir Bhutto, the prime minister, and Mr Farooq Leghari, the president. Both leaders have turned down their demands. This latest encounter is a reminder of political instability in Pakistani politics. Last year four governments came to office in a

five-month period before Ms Bhutto's electoral victory gave her a second chance to become prime minister. In spite of the opposition's protest, most political analysts discount the possibility of another change of government. Mo Bhutto is backed by Mr Leghari, and the powerful army is

apparently not interested in bringing about change. HK hard line on securities

Hong Kong's government is to tighten securities legislation by empowering the Securities and Futures Commission (SFC), the regulatory body, to provide reciprocal investigative assistance to overseas counterparts and company inspectors, Louise Lucas

writes from Hong Kong.

The measures, detailed in a bill which will be introduced into the Legislative Council this month, will enable the SFC to pass information on to overseas authorities even where the case concerned does not involve a breach of relevant Hong Kong laws. Mr Michael Cartland, secretary for financial services, said the changes had been prompted by the local market's internationalisation and growing need for cross-border regulatory cooperation.

However, the SFC will not be obliged to provide automatic assistance on request, but will have to consider cases on their own merits and against certain criteria.

Berber singer released

Lounes Mahtoub, the Kabyle Berber singer, kidnapped by Islamic guerrillas two weeks ago, was released on Monday evening. Francis Ghilès writes from Paris. The kidnapping of the popular singer, who strongly identifies with Berber culture, had brought out 100,000 people into the streets of the regional capital of Tizi

The kidnapping appears to have been the work of the extremist Islamic Armed Group. The release of the singer appears to have been negotiated through traditional channels of family and clan. Mr Mahtoub's family having threatened retribution on the families of two of the kidnappers, who were also Kabyle Berbers.

Rabin and Arafat prize

Mr Yitzhak Rabin, Israeli prime minister and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, will be awarded the Nobel Peace Prize for 1994 for their landmark Middle East peace accord, Aftenposten, Norway's leading daily newspa-per reported yesterday, Karen Possit writes from Oslo. According to the report, the decision has split the Nobel Committee and on Friday when the announcement is due to be made, Mr Kaare Kristiansen, a pro-Israeli member of the committee, will resign in protest at the decision. See Editorial Comment

FRANCE OFFERS GULF FORCES, BUT WITHOUT ENTHUSIASM

By David Buchan in Paris

France has told the US that French forces in the Gulf region are available for any allied riposte to Iraq, but has so far moved only a single frigate towards Kuwait, in an effort not to over-dramatise the situation.

In the same relatively cool vein, the French Foreign Ministry said yesterday that Mr Alain Juppé, France's foreign

minister, saw no need to modify his planned trip to other three Gulf states this weekend by stopping off in

Mr Juppé told his US counterpart, Mr Warren Christopher, on Monday that Paris shared Washington's "serious concern" about Iraqi threats to Kuwait, and that its forces in the general region, including six Mirages in Saudi Arabia, five Jaguars in

Turkey, two ships in Muscat and 4,000 men in Djibouti, would be available for Just as France had been somewhat

readier than the US or Britain to contemplate an easing of sanctions against Bagdhad after a trial period of a new United Nations monitoring system in Iraq, so France has been a bit less enthusiastic than its Anglo-American Security Council

partners to return in force to the Gulf.

While Mr Juppé stressed that no risks should be taken with Iraqi troops, his Foreign Ministry officials were cautioning against "excessive dramatisation" of the situation lest very rapid mobilisation on both sides of the Iraqi-Kuwaiti frontier should make a clash almost inevit-

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stay China's big headache'

China's economy is headed for a "soft landing" in 1995, but inflation is likely to remain the country's biggest headache, according to a joint report by the State Statistical Bureau and the Academy of Social Sci-

The authoritative study, based on the first eight months of this year, forecast inflation for 1994 at 19.5 per cent and GDP growth at 11.5 per cent, compared with a planning target of 9 per cent.

The study predicted what it described as a "smooth slow-down" next year, with growth of 10 per cent and inflation of 13 per cent. The report said that most economic indicators had been "getting nearer" gov-

Economists had expressed fears that Beijing's attempts to curb monetary growth and impose tighter credit ceilings risked severe retrenchment, but GDP trends indicate that the economy is continuing to

China registered average and agriculture 3 per cent.

GDP growth in the past two years of 13 per cent and this contributed to overheating and inflation, partly fuelled by a

capital spending boom.

The study said that apart from inflation, China's "promi-nent problems" included excessive investment in fixed assets, poor performance of some state-owned enterprises, relatively low growth in the agri-cultural sector, and a development gap between regions. Consumer prices in China's 35 biggest cities surged by 27.1

per cent in August compared with the same month last year. China's leaders have made fighting inflation their main priority, and have instituted price controls on basic foodstuffs and services.

The survey predicted China's trade deficit would narrow this year, with exports of \$115bn (£76.6bn) and imports of \$120bn, compared with a deficit last year of about \$10.4hn. The manufacturing sector would show strongest growth this year of 16 ways. year of 16 per cent, with services growing by 10 per cent

NEWS: INTERNATIONAL

Inflation 'will | Vietnam's dollar ban confuses investors

Hanoi move to end parallel money halts hard currency spending, writes a correspondent

S weeping regulations out-lawing the use of the US dollar in most transactions in Vietnam and favouring the local currency, the dong, appear to have dealt a psychological blow to investors who have depended on foreign cur-rency revenues for profits.

The new rules have been announced by the prime minister but left to the central bank, known as the State Bank, to implement. Under them, hotels, airlines, taxis and shops are, as of October 1, no longer allowed to advertise prices in dollars and will only accept payment in the not freely convertible dong. The measure also requires

Vietnamese organisations to channel their hard currency earnings through banks, rather than holding cash. Already in the capital Hanoi and the south's Ho Chi Minh City, mini foreign exchange counters have sprouted in hotels and restaurants, where tourists and business people must exchange dollars for the local unit to pay bills increasingly made out in

Foreign investors are confused as to precisely how the rules will be enforced and are worried about the effect it may have on investor confidence. Their biggest problem is

working out how, under the rency obligations abroad. Indirules, projects whose earnings projections depend on dollar cations from the State Bank are that clarifying guidelines revenues will survive in an will soon be issued, possibly environment where revenues listing some exemptions. But are now earned in a currency until this is clearer, the mood which is impossible to repatriamong foreign investors is likely to remain one of con-"At the moment people

won't spend (hard currency) money until the position is clarified," said Bill Magennis, chief representative of Australian law firm Phillips The move in effect wipes out foreign companies' ability to receive earnings in dollars and

therefore to meet hard cur-

Against the \$ (1000 Dong per S)

out, you're going to be stuck with profits in a non-convertible currency," said Tony Foster, resident partner of London-based law firm Freshfields. "You've got no assurance that you can get your money out of the country." There are

"Unless you can get some

sort of counter trade sorted

also fears the move may drive the currency underground. "Everyone's going to get dollars wherever they can and that's going to create a black market," Mr Foster added.

There are a few exceptions under the 1992 Law on Foreign Investment, which allows for exporters, infrastructure investors and certain import substiturion projects freely to con-vert dong earnings into hard currency. But since Vietnam opened up to foreign investors in the late 1980s, the greenback has been the currency of choice for most transactions, with business people and tourists preferring to pay in dollars rather than unwieldy bundles of dong.

Now, everything from restaurant meals to purchases of foreign-made machinery for investment projects will have to be made in dong. Although the local unit has in the last two years stabilised against the dollars at around 11,000 dong to the dollar, the highest denomination note is 50,000

dong.
Policymakers are hoping the move will dampen inflation, which rose an alarming 1.6 per cent in September from the previous month, endangering the government's target of single-figure inflation for the

whole year. Inflation in the first nine months was 9.9 per cent, government statistics

Hanoi signalled its determination to eliminate the dual currency system in statements earlier this year, aiming to siphon an estimated \$800m in dollar bills in circulation into the banking system and curb the growth of a "shadow" economy in a country of 72m peo-

ietnam is particularly keen to ensure that roughly 300 Vietnamese enterprises that trade primar-ily in dollars will in future channel their hard currency through the banking system.

"Dollars are now the means of payment in the shadow economy," said one Vietnamese economist and top government planner. "But by circulating \$800m in Vietnam, Hanoi is providing Washington with \$800m credit without interest. The regulation is necessary because we need to get this into the banking

Hanoi has also launched a modest domestic bond sales programme targeted at local Vietnamese, with the aim of coaxing an estimated \$2bn in gold and dollars currently

stockpiled in people's homes. The idea is to try to shore up foreign exchange reserves and attract more overseas loan for development.

Foreign investors - particu-larly in the hotels sector - are likely to be keen to seek exemptions from the ruling so that they will be able to con-vert their dong earnings into dollars. It is understood that the State Bank has set a deadline of the end of this month by which applications should

According to one State Bank official, they may receive a sympathetic hearing. "In principle, the State Bank says this is all right, but there will have to be guidelines published detailing exactly how far this

goes," he said.

Foreign bankers generally welcomed the move as a way of removing the parallel cur-rency system, but pinned the chances of success on how the rules are enforced

"I think that in the long term, it's a good move," said one Hanoi-based banker. "It actively encourages some bona fide transactions to go through the banking system. Certainly, the intention is not to scare away foreign investors. But the way the transition is managed will be crucial."

Japanese companies buy more machinery

By William Dawkins in Tokyo

Japanese companies bought more machinery in August for the third month running, the latest evidence that the decline in capital spending has bot-

A 7.1 per cent rise in machinery orders from the same month last year shows machinery purchases could grow 4.7 per cent from the second to the and third quarter of this year, the government's Economic Planning Agency said. But Mr Ryutaro Hashimoto, international trade and industry minister, cautioned yesterday on the strength of capital investment recovery

A slow pick-up in capital investment, especially for

small and medium businesses figured among several worries over the slowness of Japan's economic recovery, he said. He feared small business output would revive more slowly than in previous recoveries, and reductions in unsold stocks and materials were "stumbling". The yen's continuing strength was a worry for small businesses, Mr Hashimoto told the parliament's budget com-

The recent growth in machinery orders, a leading indicator for overall capital investment, has been driven mainly by exports and the public sector, according to James Capel Pacific. The figures exclude shipbuilding and electric power utilities.

INVITATION

For the submission of Declaration of Interest for the Purchase of the assets of Kassandra Mines of the company "HELLENIC CHEMICAL PRODUCTS & EXTILIZERS COMPANY S.A." OF ATHENS, GREECE

"ETHINIKI KEPHALEOU S.A. Administration of Assets and Liabilities" in its capacity as Laquidator of "HELLENIC CHEMICAL PRODUCTS & FERTILIZERS COMPANY S.A." of 20, Amalias Avenue, Athens, Greece (the "Company") which has been declared by virtue of Decision No. 4299/1992 of the Athens Court of Appeal (m conjunction with Decision No. 7714/20,7,1992 of the same court, which approved the separate sale of the production units of the Company) under special liquidation, according to the provisions of par. 11s of article 46s of Law 1892/1990 (as supplemented by article 53 of Law 2224/1994)

interested parties to submit within twenty (20) days from the publication of this Notice Non-hinding Written Declaration of Interest for the purchase of the production unit of Kassandra Mines of the Company as described below as well as for the establishment of a gold plant.

BRIEF INFORMATION: Kassandra Mines are located in the region of Strang and Olympias villages in the Chalkidiki Peninsula (Northern Greece) and cover an area of 1,600,400 sq.m. including workers' houses, three differential floation of the ore plants with an annual capacity of 700,000 tous for the first two plants and 400,000 tons for the third one. There are proven mixed sulphide (Pb-Zn-Ag-Au) ore reserves amounting to 10.8 million tons (including 9.8 million tons of Auriterous ere) and 4.5 radion ross of probable reserves (of which approximate has of Auriferous ore), as well as gold are reserves as follows: 11 million tons of Parite, 4 million tons of Chalcopyrite, 1.2 million tons of Pyrolousite & Rodochrosite and 40 million tons of poor peophyre copper-gold. There are especially constructed thipping leading facilities directly into the Aegean Sea. The Company holds mining concessance on er a total are of 314 sq. Km. The mines are currently in operation with

PROCEIMINE: The sale of Kassandra Mines will take place by public tender in accordance with the provisions of article 46a of Law 1882/1990 (as supplemented by article 14 of Law 2000/1991 and modified by art. 53 of Law 2224/1994) and the terms mentioned in the relevant invitation to tender, which will be published in the Greek, and Foreign Press on the date required by Law.

BUSINESS PLAN AND INVESTMENT PLAN: Offers submitted sho ANTINIPARIED by:

1. A Business plan related to the development of Kassan multistica of a gold plant, employ

An Employment plan (number of employees, duration employment).

4 A Proposal regarding warranties related to the payment by in of credit and the implementation of the Business, the Investment and the I mployment Plans, as above.

ASSESSMENT OF OFFERS: In as

Offer Piece

· Physicas Plan Investment Plan

 Employment Plan The environs

ANNOUNCEMENT BY A THREE PARTY The Liquiditor has been asked by the Deputy Minister of Industry Energy an l'exhaology, acting on behalf of the Greek Government to make the folic

The installation of a gold plant project has been included in the Buindustry of the 2nd Community Support Framework already approved by the

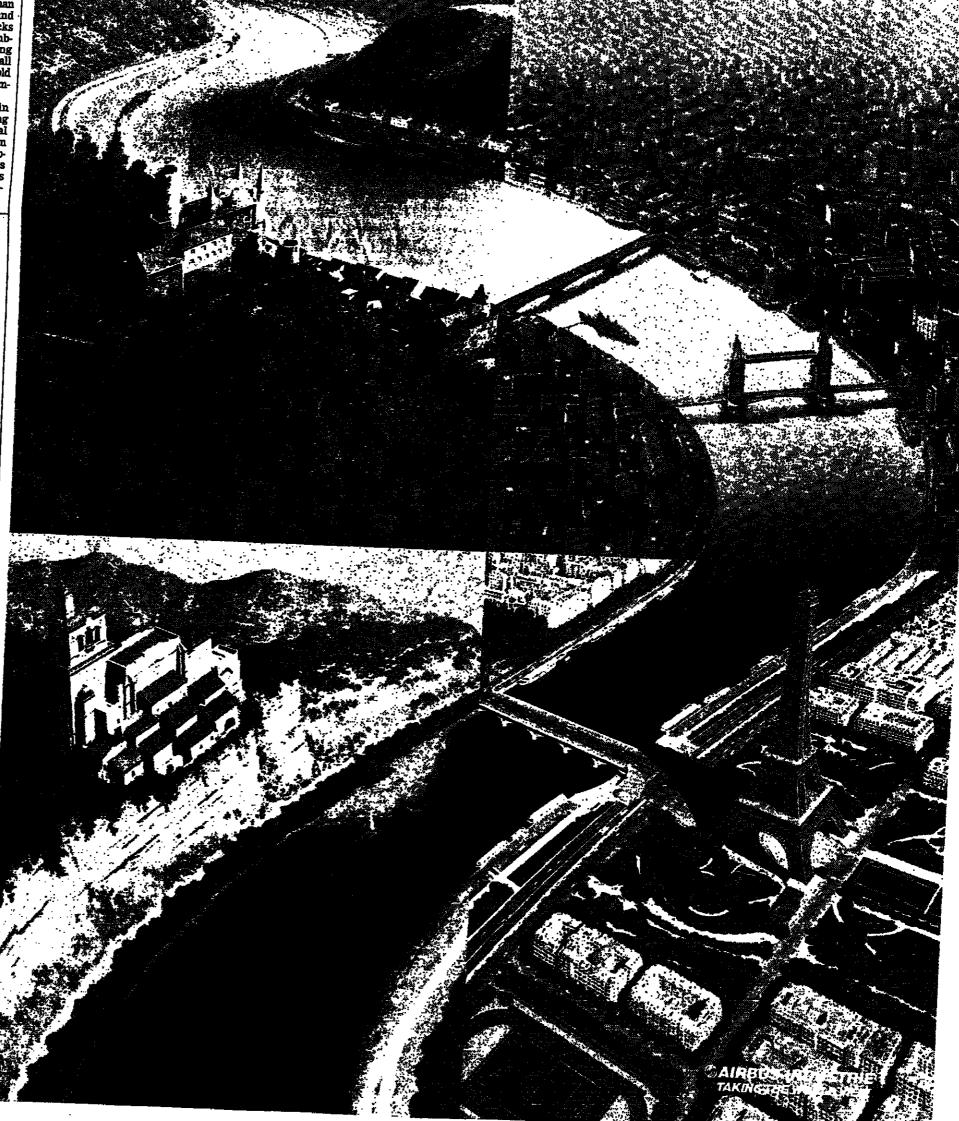
The Greek Givernment guarantees the granting of all necessary installation herence, currentians and other State approvals required by law.

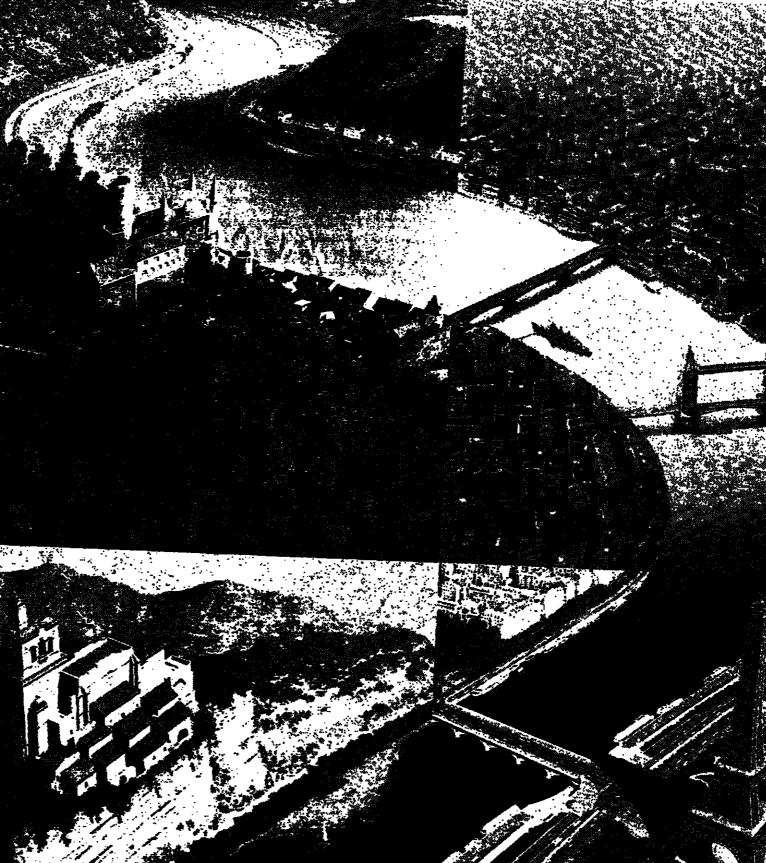
A cupy of a letter in the above effect signed by the Minister in charge will be given to all interested parties together with the Offering Memorand

SUBMISSION OF DECLARATIONS OF INTEREST - FURTHER INFURMATION: For the automassion of Declarations of Interest, as well as in order no obtain the Offering Memorandum and any other information concerning the Accusates Mines, (upon execution of a confidentiality agreement) please address the Lagardator of the Company: "ETHNIKI KEPHALEOU S.A. Administration of Assets and Linbilities", address: 1 Skondenion Street, Athens 105 61 Grocce, tel: 430-1-123.14.84 fet. +30-1-1321.79.05 (attn. Mrs Marika Frangakis) or the Liquidator's agenta Mesars, John Detais and Stratos Michaelides, 20, Amalias Avenue, Atheny 105 57, Greece, ed: +30-1-322.75.70, fax: +30-1-322.11.03.

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By Michlyo Nakamoto in Tokyo

Honda, the vehicle maker, yesterday became the first Japanese company to announce it would set up a joint venture to make car parts in China.

Honda said that it had reached agreement with Dong Feng Motor to produce cast and forged parts.

The deal is in line with Chinese government policy to develop the country's car parts industry and encourage foreign investments that will bring technology to China.

the year 2000.

called Dong Feng Honda Automobile stemmed from a desire to be in a Parts to be equally owned by Honda and its Chinese partner. The company will invest \$20m to build a new plant in Guangdong province in the southern part of China.

The company will start producing parts in early 1996, which will be exported to Honda's Asian vehicle production facilities. The initial production target of parts for 50,000 cars in 1996 is expected to rise to 150,000 by

Honda said that its decision to Honda will establish a joint venture invest in parts production in China

growing market rather than from a need to combat the impact of the yen's sharp appreciation. Although parts made in China will replace those made in Japan and exported to

its other Asian facilities, the investment required will mean that initially costs will rise. Honda already has four joint ventures in China, but this is its first venture in the car sector. The others

are in the motorcycle and power equipment sectors. Belijing has signalled its intention to

strengthen the components sector, a weak link in its vehicle-building

Foreign car companies such as Ford, General Motors and Toyota have been told that to "qualify" for entry to China as fully-fledged partici-pants in passenger car manufacturing they must first invest in the components industry.

Japanese companies are willing to go along with the policy in order to win entry into a highly promising market. Toyota, for example, is also in talks over the possibility of setting

up a joint venture to manufacture car

Toyota has held discussions with Tianjin Automobile Industry, a partner of Daihatsu in the production of the Charade small car and minibuses. Toyota has a 16 per cent stake in

According to Japanese press reports, Toyota hopes by the end of this year to start building a factory near Tianjin to produce engines. transmissions and other main components for cars that would be sold

Beijing eyes twin markets of \$150bn

By Tony Walker in Beijing

China aims to export \$150bn worth of electronics and machinery annually by early next century under an ambitious three-phase plan aimed at securing a substantial share of the world market.

"Expanding exports is the key to the development of Chiindustries," the official China Daily newspaper quoted an official of the Ministry of Machinery Industry as saying.

Exports of machinery and electronics are expected to reach \$26bn this year, an increase of \$3.3bn or 14.5 per cent over last year's figure of

China has targeted the machine-building and electronics sectors as offering the best options for rapid export growth. These are also areas of the economy in which foreign investors are active.

Taiwanese, Hong Kong, Japanese and South Korean companies are investing heavily in consumer electronics. Taiwanese manufacturers, for example, have transferred to the mainland the manufacture of basic items such as computer kevboards and disc drives. Pocket calculators are another item that is being manufactured in increasing numbers in China for export.

China plans to increase exports of electronics and machinery to \$30bn by 1995, \$60bn by 2000, and to exceed next century, according to the three-phase plan. In 1993, exports of these items accounted for 30 per cent of total exports of \$86.3bn.

Exports of all manufactured items grew from 49.8 per cent of China's total exports in 1980 to 78.5 per cent in 1993. Export growth for these items reached 9.6 per cent in 1993 compared with the previous year.

China's coastal provinces have the lion's share of machinery and electronics exports with Guangdong province dominant. Guangdong's exports last year accounted for

Electrolux, Swedish producer of household products, plans to invest \$100m in China over three years.

Mr Leif Johansson, president of Electrolux, said in Beijing yesterday the company was also planning to establish a holding company in China to oversee its operations, expected to include "five to 10" joint ventures by the end of the century. Electrolux's new ventures include a vacuum cleaner plant in Tianjin, east of Beijing, and a water purification project with Beijing Yadu Enterprises Development. The company has invested \$25m in a refrigerator mpressor factory in Tianjin, which is producing 1m units annually. Mr Johansson said Electrolux planned to double its \$1bn worth of sales in Asia the year 2000.

reflecting a surge of Taiwan and Hong Kong investment.

China's export drive in products known as elaborately transformed manufactures (ETMs), reflects a desire to become more competitive in both world and domestic markets. This also coincides with Beijing's moves to re-enter the General Agreement on Tariffs

"Only when Chinese companies can compete on the world market can they keep a lock on the domestic market," said an official quoted by China Daily.

"If domestic companies dare not enter the world market, they will almost certainly lose the home one," he said. · A senior US trade negotiator yesterday said China must make much faster progress and be more flexible if it is to meet its goal of entering Gatt by the end of the year. Ms Charlene

Barshefsky, the deputy US trade representative, said in Beijing: "If it is to realise its accession or completion of negotiations by December 31st 1994, we would suggest China put its foot on the Gatt pedal." Talks on China's accession to Gatt have been continuing in 62.1 per cent of the total, Geneva for several weeks.

Free zone at centre of Turk trading hopes

Cases of galvanised steel, piles of aluminium ingots, and crates of electric fans testify to the growing importance of the Turkish city of Trabzon as a

free trade zone. Located at the south-east corner of the Black Sea, Trabzon is well placed as a centre for trade with the newly emerging markets of the for-mer Soviet Union.

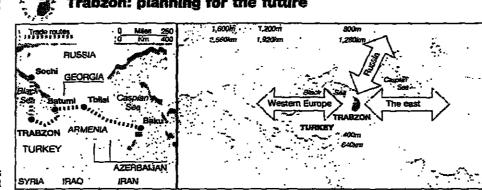
"The fall of the Soviet Union has in fact played a crucial part in our new-found success," says Mr Alaattin Yuksel, governor of the region. "Trabzon's historic role as a key centre of east-west trade ended temporarily when the communists closed off the main trading routes.... Those routes can [now] be reopened and trade resumed, much to our benefit," he says.

Some of those benefits have already become apparent, espe-cially through the growing influx of former Soviet citizens clamouring to buy Turkish goods for re-sale at home. According to Mr Yuksel, Trabzon last year had more than 750,000 visitors from the former Soviet Union, most of them on day trips via the Black Sea resort of Sochi.

But the Turkish government envisions even greater benefits from Trabzon's free trade zone, one of five in the country. Established in June 1992, the free trade zone is owned and managed by Transbas Trabzone Serbest Bolge Isleticisi, a oint venture between the Turkish government's Maritime Corporation, the UK's Balli Group, and the Marubeni

Corporation of Japan. the port area and offers 5.500

Trabzon: planning for the future



Principal goods ivestock 2.1% 86.8%

first phase of its development. grain silos and bagging facili-

use of the airport facilities, such zones in Batumi, Tiblisi, trade through the free zone has boomed. Indeed, in dollar terms, the total volume of as a trade corridor with the trade has increased nearly fivefold in just more than two years of operations.

and Baku. Their aim, ultimately, is to use the linkages central Asian republics, oilrich Kazakhstan in particular.

So far the bulk of trade through the Trabzon free zone has been from the west with European countries supplying nearly 45 per cent of the goods passing through the port. Much of that trade has involved industrial materials and such traffic is expected to increase substantially as developments associated with oil take off in nearby Azerbaijan and Kazakhstan. Authorities in Trabzon's free zone hope that such developments will stimulate an increased flow of trade

from the east. But Turkish ambitions do not end there. "The Turks," says a local businessman, empire and are seeking to reestablish their presence through trade in all directions of historic interest whether in central Asia, the Middle East

Chief trading partners Trade-flow volume 32.7% 24.5%

Two further phases are planned that will see warehouse facilities doubled to 11,000 sq m, including 1,500 sq m of cold storage facilities. Further developments will consist of storage tanks for chemicals and edible oils, as well as

"The volume of trade for the first six months this year alone equalled last year's and we

Eric Watkins visits a site well placed for new emerging markets

ties for sugar and fertilisers. Current facilities in the port consist of seven quays, with a capacity of 2,000 ships a year and a modern container terminal. Cargo handling is, according to the port authorities, provided on a two-shift basis for 17 hours a day while pilotage is available 24 hours a day. Onward delivery by road is handled by local operators with up to 1,500 trucks available monthly, depending on

Trabzon's free trade zone has

seasonal demand.

so far relied exclusively on sea The zone occupies 16 acres of plans to link in the local airsq m of warehouse space in the port as well. But even without already begun negotiations for their plans."

expect to repeat that perfor-mance in the next six months," says Mr Kerim Kalafatoglu, chief executive officer of Cey International Trading, a firm which trades within the zone. "Location is a primary asset, especially with the emerging markets in central Asia."

To capitalise on those markets Turkish businessmen are aiming to establish further free trade zones in neighbouring with Trabzon by road transport. The Ulusoy group, predominant in Turkish long-haul and road transport. There are trucking, but also with interests in oil and insurance have

"remember the days of their

or North Africa". "Watch and you will see. The

Turks are on the move and Trabzon plays a key role in

Japanese company to produce 64-megabit memory chip in US

NEC plans \$50m investment in California semiconductor plant

By Michiyo Nakamoto in Tokyo

NEC, the Japanese electronics group, yesterday announced it would invest \$50m in its semiconductor manufacturing facility in California, becoming the first company to mass produce next generation 64-mega-

NEC also revised upwards its planned 1994-5 capital invest-ment in semiconductors by Y15bn (\$153.1m). This would bring total investment in semi-conductor facilities in the year to March 1995 to Y125bn. This represents a 39 per cent increase from the initial plan to invest Y90bn in semiconductor facilities this year.

The decision to increase investments in semiconductor manufacturing facilities follows last month's announcement of an \$800m investment in the company's semiconductor manufacturing facility in Scotland for increased memory

chip production.

"I am optimistic about the future D-Ram (dynamic random access memory) market," savs Mr Hajime Sasaki, senior executive vice president in charge of the semiconductor business.

In Japan, the video games and computer printer industries are providing a strong demand for semiconductors as the advanced products coming to the market require a larger

The emerging multimedia market, with personal comput-ers increasingly using CD-Roms (small plastic discs on which vast amounts of information can be stored and retrieved) for incorporating video images, is also supporting buoyant demand for memories. Mr Sasaki said last month that there is a 20 per cent worldwide shortfall in memory

NEC's investment at its

megabit D-Rams will go towards upgrading existing

facilities. Although Roseville is acknowledged to be one of the company's most successful plants, it lost out to the Livingston plant for the more substantial investment of \$800m.

NEC's decision to manufacture 64-megabit D-Rams, which are expected to come into production around 1997, stems from the need for customers to secure stable supply and flexi-

bility, Mr Sasaki said. Other new investments. making up the Y15bn increase in capital spending, will be at four of its manufacturing facilities in Japan and facilities in Malaysia and Singapore.

A strong increase in sales has lent support to NEC's increased investment plans. In

Roseville plant in California, cal year, NEC's semiconductor where it manufactures current generation 4-megabit and 16-per cent from Y395bn to Y440bn, the company said yesterday. This was also a Y5bn increase from NEC's original estimate for the year.

NEC expects full year shipments of semiconductors to increase by 12 per cent to Y910bn from a previous

The company maintains an even more bullish outlook for its semiconductor sales in the year to March 1996 when it expects sales to at least top YI,000bn for the first time.

Japanese chip companies are eager not to slip behind their US competitors' expansion in

NEC last year lost its posi-tion as the world's top semiconductor producer in dollar sales terms to Intel of the US, a symbolic blow which it intends

WORLD TRADE DIGEST

European court hears trade case

Member states of the European Union and the European Commission yesterday came before judges at the European Court of Justice for a crucial case, the outcome of which should allow the EU to ratify the Uruguay Round trade accord before the January 1 1995 deadline.

The commission asked the court for its opinion after a disagreement with member states over who has the power to negotiate in certain trade areas - such as transport, services, and intellectual property rights. The commission has argued it should ratify the Uruguay Round, under those articles of the Rome and Maastricht treaties that give it exclusive authority to negotiate on trade. But member states yesterday argued there was a limit as to how far the commission could claim to have exclusive competence in these areas.

The judges are expected to give their opinion on the legal basis for ratification on November 15. Emma Tucker. Lucem-

Price-setting deal under attack

European exporters' organisations have threatened legal action against the European Commission if it does not take move quickly against a shipowners' agreement to set prices across the north Atlantic. The British and French Shippers' Councils have written to the commission's competition directorate - DG4 - demanding measures to outlaw the Trans-At-lantic Agreement (TAA). The shippers are worried that unless action is taken soon, the TAA will go into its third year and exporters will face price rises of 15 per cent on cargoes crossing the north Atlantic.

The TAA is a "conference" or agreement between is large shipping lines accounting for about 85 per cent of sailings between northern Europe and the US, to regulate both rates and capacity. It was introduced to stem losses by shipping lines, and its members include many large container shipping lines such as P&A, Nedlloyd and Maersk.

The European Commission has issued a temporary judgment objecting to the TAA, but shippers are now pressing for a final ruling. They also want a decision to outlaw a compromise agreement, the Trans-Atlantic Conference Agreement.

proposed by the shipowners in July.

The TAA is understood to be relaxed about the threat of legal action from the shippers, saying that it would take similar steps if it was unhappy with the commission decision. Charles Batchelor, Transport Correspondent

Building begins on pipeline

Building work for the Maghreb Europe Pipeline (GME) was launched yesterday at a ceremony on the Algerian-Moroccan border, attended by the energy ministers of Algeria, Morocco, Spain and Portugal. When it is completed in mid-1996, the GME will add some 7.2bn cubic metres to the annual pipeline export capacity of Sonatrach. Algeria's state oil and gas com-pany. Contractors for the pipeline include the US company Bechtel, for the Algerian section; EMPL, a subsidiary of the leading Spanish gas utility: Enagas for the Moroccan section and Italy's Saipem for the submarine section. Francis Ghiles.

Contracts

■ Deutsche Babcock, the German engineering group, has won a DM150m (\$97.4m) contract to modernise a Romananian brown coal fired power station. Deutsche ABB, the German arm of the Swiss-Swedish engineering group, will pick up DM60m of the contract, which is being funded by a loan from the Kreditanstalt für Wiederaufbau, the state-owned bank which finances export contracts. The two German companies will overhaul two 330MW blocks at the Turceni power station, a process expected to last about two years. Some of the work will be done by ABB Energoreparatii Romania, the group's Romanian subsidiary. In 1991 Deutsche Babcock signed a contract to clean 11 power station blocks at Turceni and Rovinari. Michael Lindemann, Bonn

■ British van maker LDV launched 18 months ago after the collapse of Levland Daf, will export kits of its 400 series range of vehicles to Poland. They will be assembled by Polish manufacturer Andoria, fitting their diesel engines to the vans at their plant in Andrychow. The deal comes on stream over the next few months, with sales rising to 1.000 kits in a full year. Press Association, London

Ericsson and Raychem have formed a joint venture to develop, make and market fibre-optic communications systems for telephone access networks worldwide. The joint venture, Ericsson Raynet, will take over the operations of Raynet, previously a Raychem subsidiary. Reuter, California

■ Motor Wheel, a vehicle wheel and brake maker, will enter a joint venture with Nissan Trading of Japan, a unit of Nissan Motor, to make brake components and flywheels. The business will be located in Monterrey, Mexico, and will be called Motor Wheel de Mexico. Reuter, Lansing, Michigan

■ General Electric of the US has received approval from the Chinese government to form a holding company in Shanghai to act as an investment vehicle for GE projects in China. The holding company will also provide services to GE's joint ven-tures and affiliates, which will include currency management, marketing, purchasing and after-sales support. Reuter,

Beijing

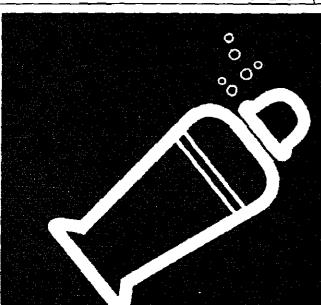
Canadian Occidental Petroleum hopes to sign a productionsharing agreement with state-owned PetroVietnam next month to explore a Vietnamese offshore block relinquished by state-owned PetroCanada. Canadian Occidental signed a memorandum of understanding last May to explore block 12-West, also known as 12-1A, east of Vung Tau. Reuter, Hanoi.

Federal Express of the US has signed an air operating

agreement with the Subic Bay Metropolitan Authority in Manila. Fedex is scheduled to start operating from Subic Bay, a former US naval base, by the second quarter of 1995, Fedex will pay \$1.65m annually until 2002 for airport use, landing fees, parking fees, and rental of building and office spaces inside Subic. Reuter, Manila Guinness has signed an agreement with Sri Lanka's Ceylon

Brewery Ltd to brew and market Guinness beer in Sri Lanka. Ceylon Brewery already brews and markets Carlsberg Als products. Rauter, Colombo San Miguel, together with its Japanese partners Yamamura Glass and Fuso Machine and Mould Manufacturing, has started operations of its glass container moulds manufacturing plant in Cavite, south of Manila. The 150m pesos project is

being undertaken by its new joint venture company, SMC Yamamura Fuso Moulds. AP-DJ, Manila



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Solace is discovered on distant shores

Jurek Martin finds President Clinton enjoying foreign policy success - for now

ot for the first time, a US president in domes-tic trouble has found temporary solace in foreign policy. For Mr Bill Clinton, the change may be bittersweet, but the sudden absence of serious criticism about his conduct of external affairs is worth savouring when his social reform programme at home lies in partial ruins.

On Monday night, he was able to go on national televi-sion and to exude confidence and resolve on two difficult fronts. Iraq's "reckless provocation" in the Gulf would be faced down by US military might and Haiti's military regime would keep its commitment not only to relinquish power but also to go into exile. Mr Clinton was careful also to note the recent successful visits to the US by President Boris Yeltsin of Russia and President Nelson Mandela of South Africa. He could well have added the announcement in Washington last week of progress in negotiations between Israel and Jordan, and the current mission of his secretary of state, Mr Warren

Christopher, to Syria. If he had felt very bold, or mischievous, the president ber surprises" may influence might also have mentioned the presidential elections, they cessation of violence in Northem Ireland in the wake of US initiatives. He could even have taken satisfaction in the defus- the resolution of the Cuban in the opinion polls by 10-16

ing of trade conflict with

Mr Clinton himself, who had cancelled a Monday campaign trip to New Jersey to tend to the Gulf, was able to leave for Michigan yesterday to raise funds for Democratic party But the word from the White

House - with Mr Leon Panetta, the chief of staff, now more firmly in control - was to keep talk of any political benefit in the mid-term US elections early next month to a minimum. "We'll leave that to the pundits," one anonymous official said.

That caution is probably well advised. The current public mood does not look kindly on foreign entanglements, though President Saddam Hussein of lraq is enough of a popular villain after the 1991 Gulf war to be considered a special case. There may be admiration for the role by US troops in Haiti, but the US occupation is still viewed at home with much

History also suggests, as Mr Kevin Phillips pointed out in a recent edition of his newslet-ter, American Political Report. that, although foreign "Octohave much less impact on the mid-term contests.

The only clear exception was



Still unconvinced: Oliver North spurns Clinton as commander as

missile crisis in late October 1962, which cut projected heavy Democratic losses to only four seats in the House of Representatives, offset by a gain of two in the Senate. Mr Clinton would give his political eye-teeth for such an outcome on November 8.

More telling: the Camp David agreement on the Middle East. in September 1978, lifted President Jimmy Carter's standing

points, but most of that had faded by the following November, when the Democrats incurred losses. The US troop build-up in the Gulf in the autumn of 1990, after the Iraqi invasion of Kuwait was, to the US electorate, both controversial at the time and, in any case, overshadowed by poor economic news.

However, Mr Clinton and the Democrats can take momen-

that the Republican party assault on the foreign policy front has been silenced, for now. Former officials of the Bush administration, including Mr Laurence Eagleburger, once a caustic secretary of state, have commended the presi-

dent's resolve in the Gulf. Mr Dick Cheney, ex-defence secretary, merely added the barb that it did not look likely that Mr Clinton would have to send Mr Carter to Baghdad to

negotiate. Criticism has emanated from the wilder shores. Mr Ross Perot, the 1992 independent presidential candidate who is urging his supporters to vote Republican on November 8, naturally thought the Gulf confrontation a put-up job to save

Mr Clinton's skin.
Mr Oliver North, Republican candidate for the US senate in Virginia, announced that Mr Clinton was not "my commander-in-chief", and charged that he had eviscerated US defence capability and thus encouraged Saddam Hussein. This caused embarrassment to Senator Phil Gramm, a Republican from Texas, who was at

Mr North's side. Local pundits thought he might have made his first seri-ous campaign mistake thereby. He certainly provided scope yesterday for Vice-President Al Gore, who called Mr North's statements "unpatriotic and

despicable", and said he was giving aid and comfort to a foreign dictator". The irony of Mr Clinton as

an international tough guy, a role he did not come to office intent on playing, is not lost on the US public, but the transfor-mation has won grudging approval in Washington, Both the state and defence departments, the object of much virulent criticism for nearly two years, suddenly seem in much surer hands, with rumours of more changes at the top quiet for now.

During one month, Mr Clinton has twice dispatched sub-stantial US military contingents overseas. In Haiti, this may have been the only avail-able alternative after much agony over policy ~ and at least the occupation was achieved with few guns blazing - but in the Gulf the second thoughts that have often seemed to paralyse his administration have not been in

Both missions could yet become messy, as happened in Somalia. The Gulf engagement, in particular, raises longer term problems about how best to contain Mr Saddam if the Iraqis themselves cannot dispose of him. Still, for a beleaguered president, these may seem manageable after what happened to his ambitious

domestic programmes.

evidence.

US launches probe into car pricing policies

By George Grahem In Washington

The US Department of Justice has launched an inquiry into pricing practices in the car industry. Government anti-trust law

yers have asked the National Automobile Dealers' Association and several of its officers for information on the practice of no-haggle pricing.

Following the successful example of GM's Saturn subsidiary, many dealers have started to publish firm prices instead of following the traditional practice of publishing an unrealistically high label price, and negotiating discounts. Some have also adopted the

practice of "value-pricing", in which they sell some popular models with a package of nor-mally optional extras at a single low recommended price.

But the Justice Department request for information spreads beyond pricing, and could herald a broad investigation of dealership arrangements in the industry.

None of the big carmakers has yet been contacted by the Justice Department, but all were asked to provide information earlier this summer for an investigation into their rela-

nies. That investigation appeared to focus on whether carmakers had cut back sales of heavily discounted vehicles to independent hire companies. Ford owns Hertz and an

interest in Budget, while Chrysler owns the Dollar and Thrifty companies. GM is in the process of selling its stake in National Car Rental. The US industry experienced years of relatively lax anti-trust enforcement in the Rea-

gan and Bush administrations, which limited their challenges for the most part, to cartel behaviour and horizontal mergers between competitors. However, the Clinton administration has shown more interest in vertical arrangements either mergers between supplier and customer or contractual arrangements such as minimum resale price agreements which could raise prices

for the consumers.

Both Ms Anne Bingaman, the Justice Department's assistant attorney general in charge of anti-trust, and Mr Robert Pitofsky, recently nominated to head the Federal Trade Commission, have expressed interest in reviving the enforcement of anti-trust laws against vertical arrangements.

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US machine tool 'opportunity'

By Andrew Baxter

The US machine tool industry, in steep decline for more than a decade, has an opportunity to recapture a significant share of the global market it used to dominate, according to a report published yes-terday by the California-based Rand research institution.

Machine tool builders in the US are benefiting by a strong surge in demand, technological advances and corporate restructuring, along with setbacks to rivals in Japan and Germany, says Rand's Critical Technologies Institute.
The \$4bu (£2.5bn) US industry is rela-

tively small and fragmented, but is strategically important.

"A weak domestic industry means that the US risks losing access to the latest manufacturing technologies," says the

The US accounted for about 19 per cent of world machine tool production in 1981. However, by 1992, its share had slipped to about 8 per cent and its position in the industry from first to a distant fourth behind Japan, Germany and Italy.

In 1992, concerned by the US producers' collapse, Congress directed Rand to produce the report. It says Japanese producers filled orders more quickly with cheaper, more reliable products when US demand picked up after the 1981-83

In contrast, the US industry failed to rebound for various reasons. These included a lack of enough big producers, weak export capacity, and poor performance in the translating of technological

research into market advantage.

Many of these barriers remained but recent developments suggested a brighter future. In particular, domestic demand rose 25 per cent last year.

The report suggests the US government could foster development of local co-operative networks among small and mediumsized machine tool makers and users, invest in the manufacturing infrastructure so as to bolster the translation of research leadership into a production edge, and help US machine tool builders compete internationally.

The Decline of the US Machine Tool Industry and Prospects for its Sustainable Recovery: Vol 1; from Rand's Distribution Services, PO Baz 2138, Santa Monica, CA, USA 90407-2138; \$28 including appendices.

Violence increases in Guatemala

By Edward Orlebar in Gustemala City

Violence and human right abuses in Guatemala have increased greatly in recent months, despite the imminent arrival of a UN human rights monitoring

mission, observers say. Fighting has been intensified between government forces and left-wing guerrillas of the Guatemalan National Revolutionary Unity, who are due to restart stalled peace

talks this month. Mr Ronald Ochaeta, director of the Catholic Church's local human rights office, says there were 180 killings in August, at least 35 of them politically motivated, making it the worst month since the office opened five years ago.

The UN mission is expected to begin operating early next month, more than seven months after the two sides signed an agreement calling for the immediate installation of such a mission.

The UN, which is mediating at the talks, had promised a mission in three months, but has dragged its feet, citing bureaucratic problems in approving finance. Dip-lomats say that UN officials have been reluctant to commit themselves to a mission while there was still armed conflict. despite making promises at the negotia-ting table. "We have to question the UN seriously," said Mr Ochaeta. "To a certain extent, the UN is responsible for what is

happening at the moment." The guerrillas announced in early August that they were suspending talks because the government had failed to comply with the human rights accord signed at the end of March. In that, the govern-

ment agreed that the army would stop pressing indigenous youths into its ranks cease threats against popular leaders and human rights activists, and try to reduce the levels of violence.

But local human rights monitors say they have many complaints of forced recruitment in recent months, while threats and violence have continued unabated. The guerrillas have also violated the agreement, recruiting under-age people and attacking civilian installations.

The guerrillas were pushed by the international community into signing an agreement in Oslo in June on setting up a commission to investigate war crimes during the 33-year conflict. The commission's mandate falls short of naming individuals who have committed atrocities, and will have no legal recourse.









HOW EVOLVED IS YOUR LONG HAUL AIRLINE?

If the majority of long distance travellers have anything to declare on arrival. it's usually the wish that they'd been treated a little better. With service at their convenience, not the flight attendant's. And an attitude more akin to "What can I do for you?" rather than "What do you want now?".

South African Airways flies some of the world's longest nonstop routes.

Which means we have to regard cortain elements of our service as fundamental requirements, rather than competitive "edges". Good food, for example. In recognition of both quality and the rich variety of our menu, a worldwide award almost exclusively dished out to fine restaurants, the 'Chaine des Rotisseurs' Blazon Shield. has been awarded to SAA for its culinary fare. And our wine list, which reflects the Cape's most outstanding wines, has been rated among the five best in the world by the much-trusted Decanter magazine.

But these elements alone will not allow us to promise you'll feel like the picture on the right. Only the cabin crew can do that. And only if they have the right attitude.

And whilst we appreciate that attitude is in the eye of the beholder, we believe it's not for nothing that SAA has been voted "Best Carrier to Africa"



AFRICA'S WARMEST WELCOME. six years in a row.

United ends Glasgow air service

Scottish Correspondent

United Airlines is to withdraw its daily service between Glasgow and Washington DC at the end of November only 18 months after it was launched. It is the third airline in three months to announce the withdrawal or curtailment of transatlantic flights from Scotland. United said it was losing money on the route and wanted to redeploy its aircraft in more profitable markets. It said it had achieved high peak-season load factors, but yields were low because of the severe shortage of passengers paying premium fares. It sells fewer than two business class seats a day in Scotland and five in the

The departure of United Airlines will leave only British Airways flying all through the year from Glasgow to the US. Later this month Northwest Airlines will cease its daily Glasgow-Boston service after 14 years, and American Air-

lines is to operate its daily Glasgow-Chicago service in the summer only, ending its allyear service on November 2.

The airlines' decisions are a serious blow to long-running efforts by BAA, which runs Glasgow airport, and the development body Scottish Enterprise to attract transatlantic services to Glasgow. It was felt direct flights would benefit Scottish consumers and make it easier to attract US companies to open plants in Scotland. United complained yesterday

that too many Scots preferred to fly to the US via London or Continental airports. Mr David Coltman, vice-president for transatiantic services, added: "Scottish business travellers are very cost-conscious. They will put up with restrictions such as staying over a weekend in order to get a lower

Manchester airport is also seeing a reduction in long-haul services this winter, with BA ending flights to Los Angeles and American Airlines making

its New York service summer only. South African Airlines is ceasing to fly from Manchester to Johannesburg.

BA is increasing flights from Glasgow to New York from four a week to five from January and adding Boston to the route. The flights are operated by its subsidiary British Airways Regional which pays its cabin crew less than the parent

United is also withdrawing feeder services linking Geneva and Athens with Paris.

Jury told of £1.36m passport 'racket'

a multi-million-dollar passport racket preying on the fears of wealthy Hong Kong residents desperate to leave before China's 1997 takeover, a court heard yesterday.

Numerous documents were forged and the Home Office "fooled" repeatedly. Southwark

Crown Court was told. For nearly three years Mr James Walker, a solicitor, and barrister Mr Paul Samrai got away with the "scam" which enabled dozens of people to get the right to live in Britain, said Mr Brendon Finucane, prose-

cuting. He alleged that altogether the men's company, charging about £40,000 for each application, made a total of £1.36m. most of which was obtained

illegally.

Mr Finucane told the jury that Mr Samrai and Mr Walker - the only one before the court - and others, set up a Hong Kong-based operation.

Mr Samrai saw customers in the colony and then forwarded often false documentation to Mr Walker in Britain.

Sainsbury began mixing Once they reached the solicitor's office at a London law firm Mr Walker signed them knowing many were bogus A better route for improving claimed Mr Finucane.

Trading on the "trust and integrity" his profession attracted, he then submitted them to an "overworked" Home Office immigration department as part of applica-tions for "right of abode" in Britain or "indefinite leave to remain".

Counsel claimed "certificates of entitlement" were subsequently issued.

chruinth m

Mr Finucane told the court that Mr Samrai and Mr Walker set up the business initially without any dishonest intentions. The case continues

New tax 'keeps premiums high'

The cost of car and house insurance policies would have fallen in the past three months if the government had not imposed a 2.5 per cent tax on premiums from this month,

AA Insurance said yesterday.

During 1992 and last year both car and home and housecontents insurance premiums increased sharply but that reversed as the market has returned to profitability, the AA said. Many insurers are absorbing a large part, or all. of the cost of the new tax.

Tugs contract

Ferguson Shipbuilders, the shipbuilder based at Port Glasgow on the lower Clyde, has signed a £10m contract to build two 55-tonne tugs for Shetland

Race bias alleged in choice of employees

A study of racial discrimination in job recruitment in Nottingham has found the chances of getting an interview were twice as high among white applicants than among black or Asian candidates.

The study by the Nottingham and District Racial Equality Council submitted three fictitious applications for each of 281 job vacancies. The candidates, one white, one black and one Asian, were evenly matched in terms of job experience, qualifications, age and

chains.

In the 38 cases where only one applicant was offered an interview, 30 of the employers picked the white applicant, five chose the Asian, and one chose the black candidate

In another case letters of application were sent to well-known insurance company seeking a sale representa-

The white job-seeker received an application form on the first day of the month asking him to contact the company for the interview. The other two applicants did not receive the form until the 11th of the next month, a full six weeks after the white applicant. There was no offer of an interview with the forms. The company described itself as an equal-opportunity employer.

The study was repeating a similar exercise carried out in 1981. That study found discrimination against black and Asian candidates in half the jobs that were tested.

Reporting the findings of the latest study, Ms Greta Sohoye, who chairs Nottingham and District Racial Equality Council said: "What we found is as disturbing as it was in 1981. Employers appear to have learnt little from previous ini-

Mr Herman Ouseley, CRE chairman, said it was frustrating that 13 years of work with employers, unions and other organisations had not had greater impact on reducing the



Filling up: a Tesco Express site in Barnes, south-west London

more than a few years old, so there is little need for the costly maintenance required at the generally older companyowned stations. There are also environmental clean-up costs at the latter when they are closed or refurbished.

Those advantages allow supermarkets to offer average savings of about 3p a litre according to figures from Opal Oil Price Assessments, a Walton-on-Thames-based company which monitors retail fuel mar-

kets in Europe.
Intense local competition usually means the differential at company stations near a supermarket outlet falls to about 1p a litre.

That local competition has also added to a widening of price differentials. Figures from Opal show that the highest price of four-star petrol was 61.9p a litre last week compared with a low of 52.9p

become significant retailers of petrol. That could make dropping into filling stations for an extra pint of milk or loaf

suggesting

Shell, for example, is

At the same time, retailers

with 2,000 sa ft Tesco Express

convenience stores attached.

Sainsbury is reported to be

Edinburgh-based oil market

analysts, published a report in

supermarkets were poised to

Wood Mackenzie.

of bread commonplace. It also means future price battles between retailers and oil companies may not just be about petrol, but about soft drinks, crisps and baked beans. | oil terminal.

August

Towage. which provides towage services for the Sullom Voe

Drinks groups give Virgin Cola a sceptical welcome "Physical distribution is not its relationship with Sains-

By Roderick Oram.

Virgin Cola, Mr Richard Branson's latest enterprise, was greeted sceptically yesterday by other soft-drink makers. They look forward to the competition but wonder how Virgin and Cott, its Canadian partner, will crack distribution

The Virgin Cola Company is a 50-50 joint venture between Virgin Trading Company, a new Virgin subsidiary, and Cott. Virgin will be primarily responsible for marketing, promotion and advertising. Cott will develop, manufacture and distribute the drinks.

ber of advantages over the oil companies. Their market share

is such that their purchasing

power at the refineries is simi-

lar to that of the marketing

arms of the oil companies

themselves. The high volumes

purchased means they enjoy

good credit terms from refiner-

By concentrating on a few

high-volume sites, they can use

large, economical tankers to fill large storage tanks. Oil

companies typically have to

pay a dealer or tenant to run

their site, whereas supermar-

kets have to pay only a

No supermarket sites are

cashier.

"We invented Cola Wars," PepsiCo said. "We're very used to competition because it

builds the whole cola market." Its cola volume has grown 15 per cent this year in spite of competition from J. Sains-bury's Classic Cola, also made

Distribution will be one critical issue, PepsiCo added. "Putting the product within arm's reach of desire" requires a complex distribution system to

a problem for us," said Mr Simon Lester, managing director of Cott Europe. On the sales side, "the independent trade has shown an enormous amount of interest,

and we've already spoken to one or two multiples," he said. Mr Lester stressed that Cott's link with Virgin was fundamentally different from

bury. With Virgin, Cott is aiming to build from scratch a new brand, largely for independent retailers. With Sainsbury, it is supplying a supermarket ownlabel cola using a different for-

"We have no objection to this," Sainsbury said. "We have an exclusive blend we will develop with Cott and we've got the better blend compared with Virgin's. Mr Lester said Cott was working with some half-dozen

bottlers in the UK and on the

Continent on its range of prod-

ucts besides bottling them at its subsidiary, Ben Shaw. The main thrust, apart from the UK, will be the US and Japan where Virgin is known for its airline.

Diverse products show what's in a brand name

with an airline, radio station, music store or computer game, and what have any of these activities to do with each Virgin's move into soft

drinks, announced yesterday , looks distinctly out of step with the management vogue for paring down activities.

But the company would argue that it is the Virgin "attribute-based" rather than "product-based" brand name which holds all these diverse activities together.

The Virgin name does not mean a specific product to the public, but is associated with fun. friendliness, doing things differently, quality and price competitiveness, said Mr Will Whitehorn, Virgin's corporate affairs director. These attributes mean the brand can be applied to a diverse range of products, he added.

These claims for the attributes of the Virgin name were given some independent credence recently by an NOP poll conducted for the trade journal

Virgin's tactics would be more familiar in Japan, says **Diane Summers**

PR Week. In two separate surveys it found that about 80 per cent of respondents associated the Virgin name with friendliness, nearly the same proportion with high quality, and between 60 per cent and 70 per cent with innovation, fun and

low prices. Virgin's tactics may seem odd by the management standards of western businesses but would be familiar to the Japanese, said Mr Whitehorn, He points to the keiretsu, or corporate family formation, of Japanese businesses. "Western companies tend to work in pyramidal structures, dominated by a holding company at the top. The keiretsu structure is flat and dominated by attri-

some communality of ownership but freedom among each of the units to make its own ioint venture deals," he said. An example is Mitsubishi, which is a bank and a car, as well as a shipbuilding and electropics company. All are part of the same family or keiretsu

Virgin's aim is to ensure that all its products and services match and exploit the brand attributes and are, broadly speaking, in the leisure area. Its computer games company has given the brand a presence in the youth market. Its link-up with ICL, announced last month, will mean the production of Virgin computers slanted towards and games and

multimedia markets. The vodka tie-up with William Grant, also announced last month, fits the objectives for the Virgin brand, as does yesterday's cola announce-

Mr Whitehorn dismisses suggestions that the Virgin name could be weakened by diversiUser-friendly: Virgin aims to add some fizz to its product range with its new cola drink fying into so many different

areas. "We've never really used the brand on consumer products until now. You can buy very few products, considering the number of trading activities we're involved in. What we haven't worked out yet is where to draw the line. We're

basis," he said. But is Virgin using the wrong name and should it rebrand itself as Branson? The PR Week survey suggests this

taking it on a case-by-case

might not be as ridiculous as it

While 93 per cent of respondents recognised the name Virgin, 97 per cent knew the name of Branson, and 34 per cent said they would be more likely to buy a Virgin product or service because of their high opinion of Branson.

A recent MORI poll for the BBC rated him as one of the figures - along with Mother Teresa - that young people would most trust to revise the

Ten Commandments. Mr Whitehorn believes that the identification of Mr Branson with Virgin is particularly strong in the British public's mind, but this is not the case in Japan, the US or elsewhere in Europe.

"Richard has been very important to the brand name and has helped to establish its key values. But the strength of the brand transcends his involvement, especially

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Europe. You can count on us

our ventures to succe

differcial banking divisions, Credit-

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FINANCIAL TIMES WEDNESDAY OCTOBER 12 1994

'Open skies' offer to regional airports

By Paul Betts,

Britain lifted all restrictions yesterday for transatlantic flights to its regional airports in an effort to revive talks with the US to liberalise air services between the two countries.

Mr Brian Mawhinney, the UK transport secretary, called the decision "the most sweeping unilateral liberalisation move in the history of transatlantic aviation". But UK and US airlines

regarded the announcement as only a "welcome gesture" which did little to advance the core issue of liberalising access to the two main London airports of Heathrow and Gat-

The US government walked away from "open skies" negoti-ations last December after the UK refused to grant immediate access to all US carriers at nership between the UK's Vir-Heathrow, the world's busiest gin Atlantic Airways and Delta international airport.

Mr Mawhinney, who was addressing the Conservative party conference at Bournemouth, said he had written to Mr Federico Pena, his US counterpart, offering all US and UK airlines the possibility of flying from any point in the US to any regional airport in the UK, including Luton and Stansted

in the London area. He also called on the US government to agree the liberalisa-tion of so-called codesharing arrangements between UK and US carriers. These increasingly popular marketing tools enable airlines to combine their respective networks by using each other's ticketing codes. In turn, this would clear the way for US government

approval of the proposed com-mercial and code-sharing part-

Air Lines, the third largest US carrier.

Mr Mawhinney said "open skies" for regional airports would offer economic benefits to cities such as Belfast, Birmingham, Cardiff, Edinburgh, Manchester, Newcastle as well as Luton and Stansted.

However, airline industry officials suggested that the decision was aimed at winning political support in regions which have sought to expand air services to boost their local economic development. "These steps are welcome but in themselves do not repre-

liberalisation process," said Mr David Coltman, vice-president of the Atlantic division of United Airline, the largest US

sent significant progress in the

ond largest US carrier, said "the nub remains access to Heathrow and beyond Heathrow". The US carrier is also opposed to code-sharing because it sees this as a device to circumvent restrictions imposed by bilateral agree-

ments it wants changed.
Ironically, United announced yesterday it was ceasing its daily Glasgow to Washington DC service at the end of next month because of continuing losses. This will bring to just five the number of transatlantic daily flights from UK

regional airports this winter. UK and US carriers have not been rushing to start new transatlantic services from regional airports, but instead have continued to concentrate their operations at Heathrow and Gatwick. Only United and American Airlines can fly to Heathrow under existing rules.

Other carriers, which have also been seeking the right to fly to Heathrow, have been restricted to Gatwick where peak-time siots are also tight.

NEWS: UK

However, Mr Richard Branson, Virgin's chairman, said Mr Mawhinney had made "a bold gesture without asking anything in return from the

He hoped it would prompt the US to go back to the negotiating table in the next few days and approve Virgin's com-mercial partnership with Delta which has already been cleared

by the UK government. Virgin and Delta had originally hoped to start their combined services next month. "If we receive the necessary US approval, we would like to start in January so that Virgin and Delta can compete on an equal front with BA and USAir," Mr Branson said.

eign secretary, said that he had

no recollection of Mr Mark

Thatcher's name being men-

tioned in the context of the Al

any impropriety being

suggested in relation to Mark Thatcher or anybody else," he said on BBC Radio.

Labour continued to press

allegations against Mr Thatcher. Mr Tam Dalyell, MP for Linlithgow, wrote to Mr Kenneth Clarke, chancellor,

asking whether Mr Thatcher

and a Saudi middleman had

"There was no question of

Yamamah deal

Hurd says Tories must not 'lurch to the right'

By Philip Stephens, Political Editor

A powerful warning against a lurch to the right by the Conservative party in domestic policy and a retreat into isolation in foreign affairs was made yesterday by Mr Douglas Hurd, the foreign secretary.

As the party conference con-tinued to debate the party's. response to the electoral threat by Mr Tony Blair's modernisation of the opposition Labour party, Mr Hurd said the Conservatives must not cede the political centre ground.

He accompanied a strong rebuttal of the suggestion by Mr Norman Lamont, the former chancellor, that Britain should consider withdrawal from the EU with an equally firm insistence that the Tories must not lose touch with "com-

monsense convictions". Heading a move by a series of centre-left ministers to slow the drift to the right in the party's rhetoric, he said it must show it has a vision of society which stretched beyond

the free market. In his speech on the conference floor. Mr Hurd said that the government must craft a foreign policy based not on the world as it was, not on the world as we would like it to be, but as it is". That meant recognition that

wielding influence on the world stage depended on Britain playing its part in the big international institutions -the UN, Nato and the Commonwealth - and playing an active

role in the European Union. In a brusque rejection of the xenophobia of some on the right of the party, Mr Hurd dis-missed the "siren sounds" of those who believed Britain could turn its back on Europe. He told the conference: "We

can enjoy ourselves morning, noon and night, poking fun at foreigners . . . But if we indulge ourselves in that way we won't have a strong and effective foreign policy, we won't be influencing events, we won't be advancing British

interests' Instead Britain's interest lay in steering Europe in its direction: "Whenever we have looked away from our contiyears, we have paid a price. So has Europe. No one wins an argument by kicking over the table".

Turning to the likely outcome of the European Union's 1996 intergovernmental conference, he insisted: "No one with any grasp of political reality can suppose after the last three years that the national parliaments or national electorates will vote for the smothering and extinction of the nations of

Thatcher allegations take toll of party

By Kevin Brown

Allegations of impropriety appeared to be taking a toll on the government yesterday, as a senior backbench MP blamed disclosures about Mr Mark Thatcher's role in arms sales on a plot against the Conserva-

Baroness Thatcher, who arrived at the conference yesterday morning, refused to comment on claims that her son received a commission for helping to set up the £20bn Al Yamamah arms deal with

Commercial vehicle regist-

rations rose for the ninth suc-

cessive month in September.

providing only tentative signs

that a slowdown in the rate of

recovery of the new car market

might be spreading to parts of

Registrations of trucks over

3.5 tonnes did fall in September

- by 12.2 per cent to 4,443 from

5,069 in the same period a year

ago. But this was attributable

entirely to sales during the pre-

vious September being inflated

by a rush to register vehicles

which would not have met new

duced on October 1 last year.

In contrast, registrations of

light vans last month jumped

by 40.6 per cent, to 5,230 from

3,719, while those of panel vans such as the Ford Transit were

Registrations of light four-

wheel-drive utility vehicles

also fell slightly last month, to

1.210 from 1,322 a year ago.

although for the first three

quarters of the year as a whole

they were half a percentage

point higher at 10,775.

12.3 per cent higher at 8.464.

the van and truck market.

By John Griffiths

Truck and van sales

rise for ninth month

mtro

But Sir Marcus Fox, chairman of the 1922 committee of Conservative backbench MPs, said the timing of the disclosures on the eve of the the party conference suggested that the intention was "to

undermine the government." Lady Thatcher, who was given a warm but muted welcome by conference delegates, was lavishly praised by Mr Jer-emy Hanley, party chairman, after emerging from 40 minutes of private talks with Mr

John Major. Smiling grimly, Lady Thatcher waved for the cameras, but refused to answer

Statistics from the Society of

Motor Manufacturers and

Traders show that the bus and

coach market was static last

month compared with levels

achieved a year ago at 235

against 234, but this sector is

also up - by 18.1 per cent at

2,145 for the first nine months

The share of the total com-

mercial vehicle market taken

by imports rose last month to

45.4 per cent compared with

43.8 per cent a year ago, lifting the year-to-date level to 43.6

per cent from the 41.13 of the

first nine months of last year.

a very sharp rise in the pene

tration of the truck market by

importers anxious to compen-

sate the the steep recession in

Continental truck markets.

Their share jumped to more

than 58 per cent last month

compared with just over 47 per

Among those making the

biggest gains in the month

were Scania, with registrations

up 22.8 per cent, Renault up

44.3, and Mercedes-Benz up 12.7.

cent a year ago.

However, the figure conceals

as a whole

journalists' questions. Later. she appeared frail, but adroitly sidestepped questions on the Al Yamamah affair. Lady Thatcher left in the evening to begin a visit to the US.

Party managers sought to play down the allegations, challenging critics to bring for ward evidence of any impropriety or wrongdoing. But Mr William Waldegrave, the agriculture minister,

admitted that the allegations were hurting the party even though they were inaccurate. Mr Douglas Hurd, foreign secretary, who left for a visit to

Reynolds

call over

Mr Albert Reynolds, the Irish

prime minister, yesterday

called for "an accelerated Brit-

ish response" to the six-week-

In the wake of the assertion by Sir Patrick Mayhew, the

Northern Ireland secretary,

that the British government

may never be in a position to

say it accepts that the IRA

ceasefire is permanent, Mr Reynolds told the Dublin par-

liament he was convinced that

the end of IRA violence was

"encouraged" by signs of a loy-

He added: "I will be making

the point that I believe the

time has come now to acceler-

ate the response of the British

There was fresh optimism in

Northern Ireland last night

after the government allowed loyalist leaders into the top-se-

curity Maze Prison on Monday

for talks about a possible

ceasefire with UDA and UVF

Ulster

old IRA ceasefire.

"real and for good".

Mr Reyno

alist ceasefire.

government."

the Gulf Co-operation Council in Kuwait last night, said the controversy was unlikely to be raised by Arab ministers. Mr David Hunt, the open

government minister, also sought to play down the affair. He said the government would not be deflected from the main purpose of this conference, which was to discuss policies for the next five years.
"All these allegations have

been denied before and I don't think it profits politics to throw unfounded allegations around," he said on BBC

paid tax on commissions earned from the arms deal. Nationwide agrees to

sale of estate agents

By Andrew Taylor and Christopher Price

Nationwide building society has agreed to sell for just £1 a total of 304 estate agency branches acquired since 1987

for £120m. The sale marks the latest exit from the struggling estate agency business by leading financial services groups. These paid high prices in the late 1980s to buy branches. from which they could sell a wide range of services such as home loans and insurance poli-

The collapse of the housing mounting losses prompting large-scale branch closures and disposals. About a quarter of all estate agency branches are estimated to have closed since

The Nationwide chain, which s being acquired by Hambro Countrywide, the estate agency and financial services group, has made cumulative losses of £80m since 1987 taking the total loss to £200m for Britain's

has been incurred by Guardian Assurance, which had a 49 per cent stake in the estate agents. Guardian is thought to have paid Nationwide to acquire its stake before the sale to Hambro.

Abbey National bank and Prudential Corporation made combined losses totalling more than £500m when they sold their estate agency busin in 1993 and 1991.

Mr Brian Davis, Nationwide's chief executive said the society had secured a stream of new mortgage business from its estate agents but the house sales operations had been dis-

Not all financial services groups have been displeased with their expansion into estate agency. Halifax, Britain's biggest building soci-ety, said yesterday that a tenth state agent branches. It was "strongly committed" to remaining in this business division made a £2m loss in the

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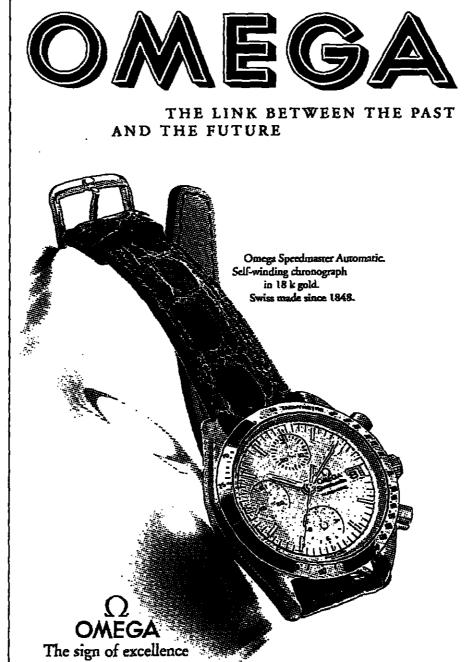
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Past performance is not magnificately a guide to future performance. The value of investments and the income from them can go down as well as up and the invested may not get back the amount originally invested.

Schroders



of its mortgage business was generated through its 530 even though its estate agency second largest building society. first six months of this year. A loss of less than £50m also

PLEASTLING PRING T2, A-1011 Vienna

Business schools set out their stall

usiness schools in Europe have been making cautiously optimistic noises about a revival of interest in the MBA. A reception in London next Monday evening organised by the UK-based Association of MBAs will put their confidence to the test.

Altogether, 41 schools from the UK, continental Europe and the US will be available to prospective students. Those who attend will be able to find out about the availability and suitability of courses and about various methods of financing their studies. All modes of MBA "delivery" - full-time, part-time and "distance learning" - will be represented

According to Roger McCormick, director general of AMBA, would-be students "will be able to speak directly not only to admissions directors and business school faculty, but also to graduates about what it was really like".

The participating schools include 23 from the UK (including London, Ashridge, Cranfield, Manchester and Henley), 10 from continental Europe (eg. IESE of Barcelona Insead in France and Rotterdam of the Netherlands) and top US institutions such as Harvard,

Wharton, Stanford and MTT. The reception will be held at the Institute of Directors, 116 Pall Mall, London W1. Details from AMBA on 071-837 3375.

The European Foundation for Management Development in Brussels has announced that this year's European Case Writing competition winner is Dr Morgan Gould from IMD in Switzerland. The prize intended to improve and expand the availability of European-based teaching and training materials – was awarded for the case Revolution at Oticon. Robert Brown of Cranfield University was winner of the entrepreneurship category for his case Dockspeed.

Tim Dickson

ven the most innovative Japanese multinationals lag well behind their west-ern competitors in inviting foreign executives to compete for top jobs.

As a consequence, Japanese com-panies risk failing to make full use of foreign talent, at a time when their need for outside management · Asian as well as western - is growing faster than ever before.

Trendsetters such as Sony, the entrepreneurial electronics group. have long ago taken this message to heart. But Sony is a special case. The use of senior foreign management is still rare among more traditional players in Japanese business.
One of them, Mitsubishi Corpora-

tion, the sprawling international empire which is Japan's largest gen-eral trading company, has just seen the light and is taking steps to create a merit-based career path for foreign managers in a traditional Japanese seniority-based hierarchy. Its experience in this regard is at

an early stage, but already instructive. Early this year, Mitsubishi inaugurated an international human resources development unit in its Tokyo head office. Its manager is Mohan Patel, an intelligent, gently-spoken Canadian of mixed Indian and Japanese extraction, who has spent 14 years as a trader

in the machinery division.

Patel, 44, is himself an example of the kind of manager he is trying to foster. Younger than Japanese col-leagues at the same level, he is the only foreign manager among nearly 10,000 head office staff.

His five-person unit has been fully operational for four months, long enough for Patel to identify the main tasks needed to make more efficient use of Mitsubishi's 4,000 non-Japanese employees worldwide and the 20 staff from overseas subsidiaries who have moved to head office in the past five years.

Mitsubishi has a long history of

hiring foreigners in the 600 overseas joint ventures in which it has equity stakes across the world, ranging from printed circuit board manufacturing to pharmaceuticals.

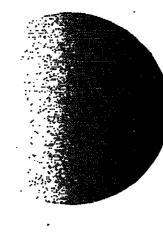
Until a few years ago, however, nearly all of them were support staff, working under Japanese managers. That has started to change, slowly, so the group now has six foreign directors of its overseas joint ventures. "We need to delegate increasing responsibility to local staff, so our requirements have started to rise," says Patel.

Mitsubishi realises that joint venture managers do not necessarily have to be Japanese, if only because it is hard for such a large hierarchical organisation to train "true managers" to take charge of far-flung subsidiaries, says Patel. The supply of Japanese managers is also starting to fall in line with the Career moves in Tokyo

Mitsubishi has recognised that its managers do not have to be Japanese, writes William Dawkins







ropes at head office have a clear

advantage. "Our overseas staff have very loose job descriptions because

our activities are so diverse, from

Mohan Patel

country's ageing population, a trend that is easy to spot early in a seniority-based hierarchy such as Mitsubishi's.

To retain and make efficient use of foreign executives, "we have to consider how to train these individuals and provide them with more opportunities within the group",

The main problem, he says, is that Mitsubishi lacks a system for rotating foreign

managers through group, from one foreign unit to another or even through Tokyo. Denied a clear career path, a growing number of foreign staff

were leaving for other companies after completing a single posting. The solution is essentially technical, he believes. Traditionally, staff are promoted only within their own division or within their foreign joint venture, where the opportunities

are naturally limited. A handful of exceptions have been made for foreigners, who did not easily fit into the Japanese hierarchy because they tended to enter the group via a joint venture or subsidiary, often in mid-career.

They include the transfer of a Bostonian via Tokyo to Singapore, then to France, where he has for the past two years been managing director of a circuit board factory. Another US executive moved from New York to be number two at a chemicals plant in the Netherlands. "In the past, there was an independent dis-

set up a clearly understood system

for transferring foreign executives

between divisions. To assist this process, Patel's unit has been given

responsibilities across Mitsubishi's

seven divisions, along with the elite

planning committees that sit just

Another task identified is to set

up a regular system for giving for-

eign executives exposure to head

office, for short postings of up to

Authority at Mitsubishi is central-

beneath the board.

cussion each time we made an appointment like this," says Patel His first task, therefore, will be to To retain and make efficient use of foreign

trading to finance and manufacturing. So it boils down to creativity...but you can't function in that environment unless you know what it takes to convince your bosses in Tokyo," says Patel. Until now, foreign managers had to wait for an invitation from a tal-

ent spotter in Tokyo to achieve that kind of expoexecutives, 'we have to consider how to train these individuals and provide them

sure. That was, in fact, what happened to Patel. with more opportunities within the group' who spent nine years selling machinery Canada before his divisional boss asked him to move to Japan in 1989, to take up another trading job.

> there remains a limit to foreign executives' promotion prospects. There are none, for example, on Mitsubishi's board of directors. That will change "in the not too distant future". Patel predicts. But

As in most Japanese companies

the first foreigner to sit on Mitsubishi's board may well be Chinese, to make a contribution to developing one of its fastest growing markets, ised, so managers who know the rather than European or American

Carol Cooper looks at depression in the office and how to spot it

High cost of feeling down



strike anyone, from office cleaner to chief executive. various degrees, it affects

up to 60 per cent of adults at some time in their lives, and at least 50 per suffer serious depressive illness.

In the UK, the cost to industry of depression - let alone other mental illness - is estimated to be more than £3bn a year.

Most of us know roughly what is meant by depression, but recognising it in others is more difficult. Symptoms of depression can be surprisingly physical, with complaints of headache, aches and pains, lack of energy, insomnia or early-morning wakening, changes in appetite, weight loss (or sometimes gain), constipation, dizziness and loss of libido.

All these can be caused by physical illness, and a recent study shows that GPs miss the diagnosis in about 50 per cent of depressed patients at the first consultation.

There can, however, be important clues to depression in attitude or mood in the workplace. Depressed colleagues may show less interest in work, have diffi-culty coping with their usual workload, or become more irritable with others. They may have trouble making decisions, or blame themselves unnecessarily

when things go wrong. Depression can be disabling socially too, and anhedonia inability to experience pleasure is significant. Perhaps someone in your department has not laughed for a long time or seems unable to relax.

There is evidence that depres sion is partly a biochemical accident. But we are still far from regarding mental illness in the same light as we do diabetes.

A MORI survey commissioned last year by the Defeat Depression Campaign suggested that half the population believe depression is not the sort of thing to see the GP about. And many depressed peo-

Depression can ple, including doctors, fear the effect the diagnosis could have on their career. Treatment, however, is what they need. With a few exceptions, depression does not get better on its own or with exhortations to pull oneself together.

المناهدين والتديدان

Treatment falls into two main categories: drug therapy and nondrug therapy. Many favour the former, but there is a drop-out rate of about 30 per cent, which reflects the incidence of side-ef-fects such as dry mouth (newer drugs tend to have fewer), as well as public misconception that antidepressants are addictive.

Non-drug treatments are becoming more popular, incuding counselling and cognitive therapy, which is psychological treatment aimed at altering negative patterns of thought leading to

Psychological techniques are time-consuming, at least to begin with, and may demand regular time off work. Their exact place in the treatment of depression is uncertain, but they often work best in conjunction with drugs.

Untreated, depression can be fatal. In the UK. 5,000 people die through suicide every year. Of these deaths, most are associated with depression, and the toll seems to be rising among men aged between 16 and 30.

The government has a target of reducing the overall suicide rate by at least 15 per cent by the year 2000. But the extent to which treatment for depression can influence the suicide rate is uncertain. Some authorities believe treatment is itself a risk factor, particularly with the older types of antidepressants.

It is commonly agreed, however, that better diagnosis and management of depression would be an appropriate and cost-effective aim. A leaflet, Depression in the Work-

place, is available for 40p from the Defeat Depression Campaign. Royal College of Psychiatrists, 17 Belgrave Square, London SW1X 8PG (tel 071 235 2351).

* Dr Cooper is a practising GP.

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PEOPLE

Leven on the rise at Holiday Inn Non-executive

Bass, the UK brewing and leisure group, has appointed Michael Leven president and chief operating officer of its Holiday Inn subsidiary.

The appointment to this newly-created position led to speculation by leisure analysts yesterday that Leven was being groomed to take over from Bryan Langton, Holiday Inn's chairman and chief executive. The only flaw in this view is that the two men are too close in age. Langton is 57, with three years to go until retirement. Leven is only a year younger.
Bass said yesterday that no conclusions should be drawn from the appointment except that Holiday Inn believed Leven had a job to do.

The chain recently announced a rebranding of its most expensive hotels, the Crowne Plaza properties. which will no longer carry the Holiday Inn name.

The company has also embarked on an aggressive expansion campaign. Over the past two years it has, on average, opened a new hotel every

mittee of Coutts AG in Zurich

in 1988 after 28 years with Citi-

bank. David Went, who took

over as chief executive of the

Coutts Group in June, says

Cuoni has done a "fantastic job" in bringing together a

group of very disparate busi-nesses. However, Cuoni felt

that the time had come for

someone else to take Coutts'

international business forward.

tries and Went is keen to

expand the international side

of its business. The group

opens its Hong Kong office this

week and is expected to open three offices in California over

Although Cuoni was never a

member of one of the families

which ran Coutts for many

years, he was a member of a

senior management team

the next few months.

Coutts has offices in 14 coun-

second day. It now operates or franchises over 1,900 hotels in 60 countries.

Ian Prosser, Bass chairman, says Leven will be responsible for Holiday Inn's worldwide hotel operations and sales; Langton would focus more closely on strategic issues.

Leven joined Holiday Inn in 1990 as head of franchising in the Americas, after serving as a senior executive with several US hotel companies. He became president of Holiday Inn's Americas division last

Cuoni quits Coutts Zurich



■ Gerry Brown (above) has been appointed operations director of EXEL Logistics and ■ Jean-Marie Fink, and of Roulement Service, has been appointed to the BRAMMER arent hoard. ■ Jonathan Shier, former deputy md of Thames Television, has been appointed md for eastern and central Europe of MULTICHOICE. ■ Philip Butler, formerly md of The Tetley Pub Company, has been appointed commercial director of ALLIED-LYONS Retailing: he remains chairman of Allied Breweries Nederland and

Allied Breweries Overseas Trading. John McKeown is appointed md of The Tetley Pub Company; he is replaced as retail services director of Allied-Lyons Retailing by David Longbottom, md of Taylor Walker, Ramon Mora-Figueroa, a founder of Hiram Walker Europa and chief executive of Pedro Domecq, has been appointed to the board of ALLIED

DOMECQ.

Keith Cameron, group personnel director, has been appointed to the board of The RURTON GROUP. Jonathan Vickers has been promoted to director, marketing and technology, at BURMAH CASTROL on the retirement of Brian Ridgewell.

National Westminster Bank is which has been gradually likely to increase its manage-replaced as NatWest has taken nent grip on Coutts, the frocka firmer hold on a part of its coated bankers to Britain's business which has never really fulfilled its potential. Ian Farnsworth, a NatWest general royal family, following the resignation of Jean Pietre Cuoni, chief executive of Coutts Intermanager, took over from Julian Robarts as managing national Private Banking in director of Coutts & Co in early Cuoni, 57, was appointed 1992 and just over a year ago. Sir David Money-Courts chairman of the executive com-

stepped down as chairman of the group. Went denied yesterday that Cuoni's departure had anything to do with NatWest's increasing involvement with one of the world's great banking brand names. He said it was unlikely that Cuoni's successor would come from Nat-West and that he was looking for an international banker of ne stature".

Art Brown, formerly head of financial markets trading in Sydney, has been appointed general manager Europe of COMMONWEALTH BANK OF AUSTRALIA in succession to John Koch. Huw Alderman has been appointed md of Ekins. WOOLWICH Surveying



Sarah Heward (left) has been appointed md of Corney & Barrow, the chain of ten (soon to be 11, when Farringdon opens) restaurants and wine bars in the City. After a brief spell in the Old Broad Street bar, Heward became manager of the Old Broad Street branch in July 1988 and was promoted to operations director in 1991. She replaces Christopher Brown who takes up his new appointment on the board of Groupe Chez Gérard and md of Group Chez Gérard Restau-

directors



■ Sir Timothy Kitson (above). chairman of Provident Financial and vice-chairman of Leeds Permanent Building Society, at LONDON CLUBS INTERNATIONAL. ■ Ian Clubb, chairman of CTR (formerly Tiphook), at SHANKS & McEWAN. ■ Jack Rowell, a director of Dalgety, and Derek Pearce, chief executive of the Leeds Tec, at CELSIS

INTERNATIONAL. Sipko Huismans, chief executive of Courtaulds, at VICKERS. ■ Peter Ogden, former md of Morgan Stanley International. at ABBEY NATIONAL.

Christopher Chataway, chairman of the CAA and former DTI minister, at MACQUARIE SECURITIES ■ David Gestetner, president

of Gestetner Holdings, at ALPHAMERIC. Campbell Allan, a founding director of Gartmore Investments, as chairman at WORLD FLUIDS (HOLDINGS): the former chairman John Dowling remains on the board. ■ Gerard Hardy has resigned from CAPITAL RADIO. ■ George Pryce has retired from H.P. BULMER HOLDINGS. ■ Gerald Newton at LISTER &

Frank Hirst as deputy chairman at COBRA SPORTS. Andrew Lindsey has resigned from BEMROSE CORPORATION. Eric Holroyd has resigned from SERIF. ■ Adrian Smart at BARING STRATTON INVESTMENT

TRUST ■ Emmanuel Olympitis, chairman and md of Johnson & Higgins, at PACIFIC MEDIA. ■ Trevor Harrison, a principal with LEK and formerly with ICI, at UKARA government division

Harald Westling has resigned from TAMARIS.

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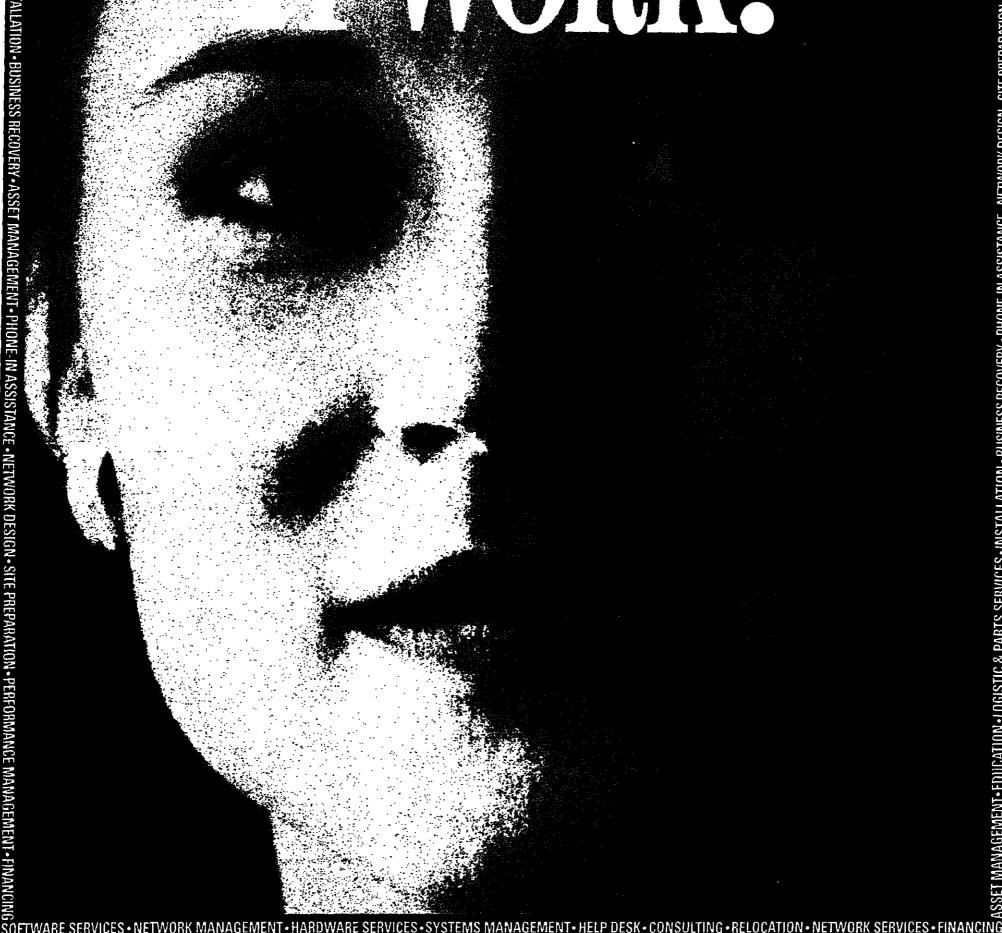
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SIBWINDIWARD WARD



Debbie Warden - Computer Systems Engineer

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BUSINESS AND THE ENVIRONMENT

🕇 he Japanese photo film industry is facing up to international pressure for a more environment friendly Way to dispose of used photo development solution.

The country's photo film industry generates around 140,000 tonnes of used photo development solution a year, some 20 per cent of the world's output. The used solution is being placed in containers and then dumped into the sea.

However, dumping of industrial waste is to be banned at the end of next year under the London Convention, a worldwide treaty on sea pollution

The Japanese environment agency is to put together its own legislation, which will be put into effect at the beginning of 1996. Companies are now searching for

alternatives to dumping, ahead of the London Convention. One option is to decompose the solution. Attempts to do this have until recently been unsuccessful, as once the chemicals for development are combined into a solution, that solu-

tion becomes highly stable and diffi-

cult to decompose. However, Fuji Photo Film, the country's leading photo film manufacturer, earlier this month announced the first technology to purify used photo development

when people talk of the

or recycled.

was used.

company's "disposable" cameras.

But in 1990, Fuji launched its

recycling centre and today more

than 70 per cent of the parts,

are tested and reused. Other

components, such asthe outer

cardboard box and batteries, are

sent to outside recycling companies

Konica, Kodak, and Agia, has about

Fuit, which has been followed

down the recycling path by other

photo film companies, including

invested Y1bn (£6.27m) in its first

automated line in 1992 and another

Ylbn in its fully automated system

from the ministry of international

Earlier this year, it won an award

80 per cent of the domestic

the following year.

trade and industry for its

environment-friendly system

disposable camera market. It

Emiko Terazono looks at Japan's attempts to clean up the disposal of used photo development solution

Camera triendly

solution. Toxic elements, including ammonia and nitrogenous compounds are eliminated from the waste solution by microbial decomposition and oxidation using a metal catalyst, leaving only water and salts. The company has installed a Y300m (£1.9m) demonstration system in eastern Japan, and officials say since incineration is not involved, nitrogen

ted. However, the prototype system for commercial use is expected to take more than two years to

oxides and other gases are not emit-

machine, developed with Tokyo Electric Power, the electric utility

The machine, sold commercially since the beginning of last year, allows retail photo development laboratories to condense the used development solution to less than a tenth of the original amount. The machine is integrated into

the company's "mini-lab" photo operation, a computer-controlled development system which costs Y5.6m for one version and Y7m for a higher capacity machine. Using Konica has already partially heat and pressure, the solution is

divided into water and sludge. The

water can be reused in the photo labs for photo development, while the sludge is collected by a subsidjary of Konica for incineration.

An average lab which produces 20 plastic tanks containing 20 litres of the solution in each, will only have to deal with seven, 5-litre bags of sludge when using the machine. Lab owners can also save on storage space and do not have to transport heavy tanks of waste.

Moreover, Konica says the machine is cost-effective as well as environment-friendly. By using the recycled water and cutting down on waste collection fees, the company believes that users who develop 50 rolls of film daily can save up to Y20,000 a month. So far, the company has sold around 600 units and last month started full production of the "mini-lab", manufacturing

1,500 units a year. Meanwhile, Konica announced last month that it expected the introduction of chemical tablets to replace the traditional chemical solutions - to increase sales. The tablets are dissolved in water and come in plastic cartridges which are collected and reused.

Konica says that because the tablets are not messy, are easy to carry around and eliminate errors when mixing several chemicals together they are extremely user friendly.

storage of used cameras. Fuji, and the other photo film

own-brand disposable cameras. A further problem is that the

recycling process relies on the film

processing labs to return used parts

to the manufacturers. While this

consumer and processing lab, some

labs, including those belonging to

the large supermarkets, have used

the parts from Fuji cameras, as well

After Fuji protests the retailers

processing chain, reuses parts from

eading manufacturers' products.

The company says it has a right to

and is not obliged to return them to

the maker since the consumer has

recycle parts from used cameras

helps to create a link between

as their own, to produce new

have agreed to stop, but some

independent labs are still using

used parts. For example, Nihon

Jumbo, a fast growing film

thrown them away".

market position.

branded disposable cameras.

companies, are also facing

competition from the large

supermarkets selling their

Putting value on variety

oes biodiversity - the pres-ervation of wide varieties of species - have any eco-nomic value? Since biodiversity was one of the goals adopted by environmental policymakers at the Rio earth summit, the question is highly topical.

On the face of it, the answer seems to be no, or very little. A stretch of rain forest rich in plant, animal and insect life does not have enough value to prevent people chopping it down and selling the timber for short-term gain. So how can its value be enhanced to persuade people to leave the forest

Professor David Pearce, the environmental economist who has made career out of pricing the environment, believes it can be done. In a new book* he says that biodiversity might be able to compete with alternative land uses if there was greater parity between the two.

The trouble is that alternative uses tend to enjoy special treatment, such as tax breaks or distorted property rights. "This," he writes, "is one dominant reason why more investment in biodiversity does not automatically take

There is a further reason: the absence of what Pearce calls "global markets in the benefits of biodiversity". In particular, developing countries find it difficult to exploit their biodiversity because no one is willing to pay enough for it.

For example, industrialised countries do not put a value on the ability of rain forests in the developing countries to soak up carbon from the atmosphere. Pearce argues that poorer countries need more help from richer ones and from multilateral institutions, such as the World Bank's Global Environment Facility, to extract this value.

Even so, Pearce believes that there are many cases where biodiversity pays: wetlands with potential for human use, and tropical forests that could yield between \$3,000 (£1.900) and \$7,000 per hectare, which Pearce says is "clearly attrac-

ity, by David Pearce and Dominic Moran. £12.95. 172pp. Earthscan, 120 Pentonville Road, London N1.9JN. Tel: (071) 278 0433.

*The Economic Value of Biodivers-

David Lascelles The award is presented annually



Farming the green fields

Deborah Hargreaves on a farmer mixing commerce and conservation

or the past 14 years Cyril → Cole has been farming in a more environmentallyfriendly way on his mixed-stock farm, Lower Ash Moor, between Tiverton and South Molton in Devon. He has dug ponds, planted trees and fenced off hedges to prevent the cows eating them.

Last year he became involved in more extensive conservation when he took over 30 acres of Culm grassland to manage under the Countryside Commission's stewardship scheme

He keeps this land in a traditional state, applying no fertiliser or lime to the fields - just cutting the grass in August where more than 130 species of plants and wild flowers thrive. The scheme pays him £28 per acre which goes towards interest on his bank loan for purchasing some of the land.

Cole's efforts will be recognised today when the farm is announced as the winner of the Silver Lapwing award sponsored by Booker Countryside, part of the agribusiness group.

to the agricultural bolding which has done most to combine wildlife conservation and landscape improvement with a commercial farming business. Cole's holding is in a difficult

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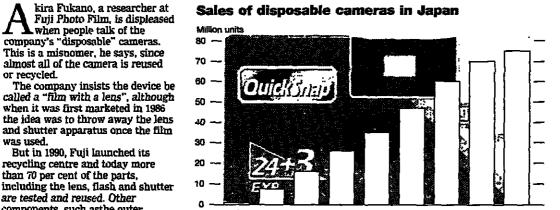
farming area just on the edge of Exmoor. It has a high rainfall and short grazing season for his 40 dairy cows. 60 cattle and 70 breeding ewes. Rowever, Cole manages to combine many traditional skills with running a

viable business. He is currently being paid by the Countryside Commission to restore the high "Devon bank" hedges that

flank the grasslands. Cole trims bushes on the side of hedges to make room for plants such as heather, honeysuckle and primroses, and digs a ditch at the bottom of the hedge to provide a moist habitat for toads, frogs and lizards. He has surrounded many fields with ditches to create

"corridors" for small animals. Cole has found so much interest in his conservation efforts that he is considering setting up a farm trail and provide access for local

Recyclable film with a lens



Mr Fukano says the key to the high reusage ratio is product development. "Recycling parts is fine, but it's better for the

environment to reuse the component as it is," he says This has meant using quality parts, which can be used over and over again, and meticulous quality testing systems which pick out used components that are

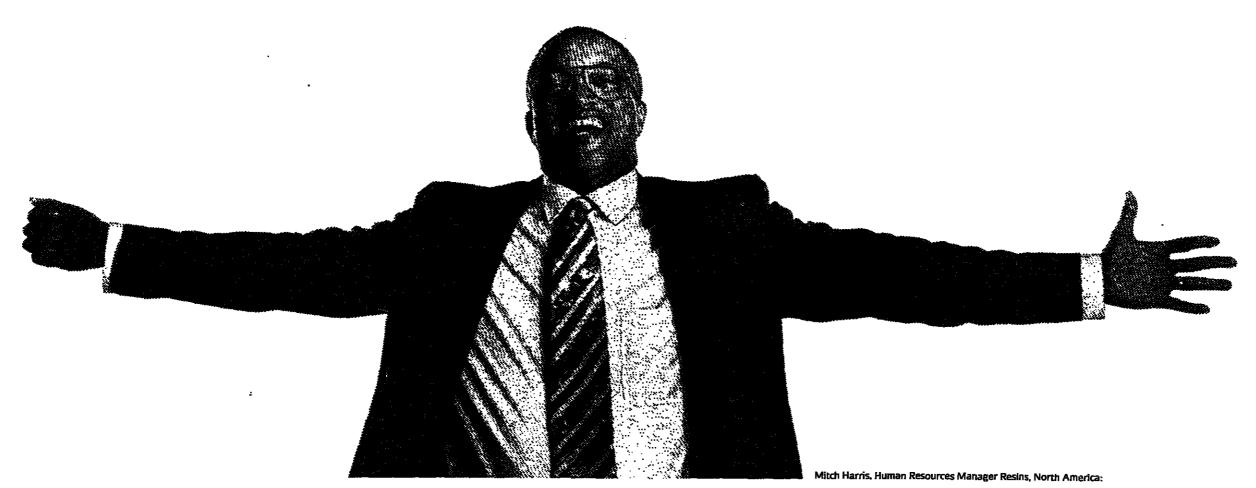
To enable easy dismantling by machines, the components, screwed

together in the original version, are shaped to allow them to be simply fitted together. . To limit the amounts of materials used in a product, miniaturisation has also been important. The company has reduced the camera weight by 20 per cent to 40g.

But there are costs for recycling. Fukano admits that a recycled product is more expensive than a completely new one because of the initial development costs and the running costs for collection and

Fuji says, however, that sales of recycled products by processing laboratories pose little threat to its

ET



know them all

"Human resources managers shouldn't spend too much time behind their desks. Here, they call me the hands-on manager because I'm constantly out meeting our people. I know the employees in the Resins business unit personally. That's important because it's my job to make sure that Akzo Nobel's human resources programs meet the personal and professional needs of each and every employee. And these needs vary at each of our five plants, with each local culture,

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the employees and their families." CREATING THE RIGHT CHEMISTRY



Television/Christopher Dunkley

Driven out of the intellect business

o this is the fabled autumn season, is it? The one which is supposed to redeem the reputations of the broadcasters after a sum-mer full of repeats and cheap imports? Yet many viewers seem unimpressed. Their feelings are summed up by the novelist Jill Paton Walsh, featured in the regular Guardian item "My Media" on Monday. Of television she said: "We watch it less and less. We're not even going to have a TV set in our second home in Cornwall - John said it wasn't worth having one just to watch elephants at water holes. We see Newsnight and The Late Show, and nature programmes and good drama. But we increasingly feel TV is no longer directed at people like us: middlebrow, moderately intellectual".

"No longer directed at people like us . . . ' Of course the new season has brought new series, though as usual some called "new are geriatrically old. University Challenge for instance, first appeared in 1962, Switching it from ITV to BBC2 and sticking Jeremy Paxman in Bamber Gascoigne's chair does not make it new. Actually it makes it rather inferior because with Gascoigne you always felt that he knew the answers without being told, whereas Paxman gives the impression that he would like you to think he knew but has sneaked a look at

In the case of The Moral Maze the programme is genuinely new to this medium (BBC2 again) but is another example of television's increasingly frequent piracy on the radio seas. Of course the brains trust pre-dates all forms of broadcasting, but this particular team has been hijacked whole from Radio 4. As so often with talk shows, the formula works better on radio where you do not have to look at Janet Daley's hairdo, or wonder why David Starkey seems different from his last appearance (he has shaved off his moustache). Most heavily hyped of all the borrowings from radio is *Knowing Me, Knowing You* in which Steve Coogan in his Alan Partridge persona plays a chat show host of such embarrassing crassness that I find it hard

to watch. This is another instance - Nigel Planer's spoof master class in acting was a previous notable example - where material sufficient for a brilliant 10-minute sketch has been pulled out like chewing gum to stretch across not just a whole programme but an entire series. The fifth time you hear "Knowing me, Alan Partridge, knowing you Charlie Farnsbarns. Aha" you fidget. The tenth time you grind your teeth. The 15th time you change

on British television this autumn is unpro-fessional. All four of the terrestrial chan-

Where is the fizz, the buzz, the dangerous novelty? Programmes nowadays aim at maximising ratings with tried and tested formulae

nels, which still account for more than 93 per cent of viewing, can point to new series that have been superbly well made, for instance the "family at war" serial Seaforth on BBC1, the documentary series Reputations on BBC2, the series about a police psychologist, Cracker, on ITV, and the topical light entertainment series Rory Bremner, Who Else? on Channel 4. The complaint is twofold: that so many programmes now aim chiefly at maximising ratings, and that, however good, they all at types of programming that are well tried and tested. Where is the fizz, the

buzz, the dangerous novelty?

Most of all, where is the programme that
makes you want to switch on because it feels as though it really is in touch with what is happening in the world today, in a "moderately intellectual" way? Watching Labour Party Live on BBCI and 2 last week you began to wonder whether we might have reached a historic watershed

with the Blair faction in the Labour Party finally leaving 1945 and Beveridge behind and looking out across new territory. Perhaps "communitarianism" is what it is all about and politics will henceforth focus on smaller units. Perhaps, conversely, politics is becoming irresistibly international. Peter Jay's engrossing report on Pan-orama this week suggested that the old restraints of national boundaries are being removed from the world of employment (or unemployment) and wages.

The conference coverage and the Pan-

orama report were, of course, as topical as you could ask. Furthermore there have been programmes in the recent past which have capitalised (ho ho) on the collapse of communism in eastern Europe; the final programme in BBC2's Reputations series, for example, provided a portrait of Beria which could not have been made before the Soviet archives were opened up. So, as we might expect, it is not a question of broadcasters being blind to what is going on around them. However, such programmes are relatively rare; far, far more time is occupied by programmes such as Seaforth, yet another authentically filmed yarn beginning in the second world war, or The Danny Baker Show, a chat show which has already been reduced to the desperate old ploy of featuring another chat show host (Jonathan Ross) as guest. It is impossible to avoid the conclusion that television has been virtually driven out of the intellect business and into the market place. Those mainly to blame are the politicians whose tunnel vision, fear, and spite were largely responsible for the last lot of broadcasting legislation, though they were helped by top broadcasting executives who much too readily accepte the "Nothing wrong with ratings" philoso-phy. It is not professional skills that are being lost; technically speaking our programme makers get better and better. What is disappearing is the work which used to make British television a truly

significant element within our society. The change is strikingly exemplified by the Channel 4 series Alan Bleasdale Pres-



Using a come-on name for a glossy made-for-TV film, 'Requiem Apache' with Alfred Molina (above). Apart from professionalism, the film had nothing to associate it with the work of the 'presenter', Alan Bleasdale

ents which uses as a come-on the name of a man known for his outspokenness and for an idiosyncratic sort of drama which provided the nation with the phrase "Gissa job". Last night's offering was a glossy TV movie called "Requiem Apache" which offered yet another variation on the familiar old theme of the retired slick operator (spy, safe-breaker, whatever - in

this case a getaway driver) who is wanted by his former colleagues to do another job. It was slickly made and impressively cast, albeit somewhat thin in plotting for its 90 minutes, yet often funny. All the dramas in this series come from new writers and this, from actor Raymond Murtagh, was certainly full of promise. But

nothing in it which you would associate with the sort of work that Alan Bleasdale stands for. The car chase was good, the use of music - for once - excellent, the photography lovely, and the ratings may well prove impressive. But I doubt whether Jill Paton Walsh will see it as a reason for having a television in that sec-

Theatre

Doctor Knock

he programme photographs of Sam Walters' 1979 production of Doctor Knock are almost indistinguishable from his 1994 version. yet the world has changed in 15 years. The temptation is to interpret this revival as the currently hot issue of public health

Such connections are at best specious, Jules Romains' 1923 comedy (presented here in Harley Granville Barker's pithy translation) deals with an ambitious doctor who sets out to make a success of a small-town practice and ends up effectively creating a cult of hypochondria in order to maximise his own takings. Hardly a relevant comparison, either, to private health insurance schemes (which would seemingly rather do without the patient altogether). Nor does Walters' direction succumb to the lure of social punditry. He is concerned wholly with a finely told, amusing yarn, which for the most part he serves diligently.

The cards are stacked against the sleepy burghers of St Maurice from the start: the villagers are little more than a collection of stereotypes (grinning bumpkins, effete schoolmaster, snobbish grande dame etc) ripe for exploitation by Doctor Knock. Geoffrey Beevers' Knock is a masterly creation: flattering his clients, gulling them into feeling non-existent illnesses and subtly interrogating them as to how much they can pay for treatment, all in an easy flow of urbane imperturbability. Knock's confidence in his own aptitude



course, he can admit to having no true peer) he shows a brisk candour regarding

his enterprise while just as craftily enlisting their complicity.
Within three months Knock turns his

brand of medicine into a religion of fanatical daily observance throughout his little realm, rhapsodising about lamps burning into the night at patients' bedsides and envisioning "250 rectal thermometers lifted in unison and firmly inserted" as a

is unshakeable: to his near-equals (of perverse mass sainte. At this point Walters and Beevers over-egg the pudding by imbuing Knock with moments of barking megalomania culminating in a final rub-ber-gloved Nuremburg tableau. It is apparent enough that the man's steely determination has both trapped and unhinged him without resorting to such coarse touches.

Doctor Knock sits comfortably within the Orange Tree's prime constituency: a craftsmanlike production of a neglected work, chosen for entertainment rather

than argument. It may not be easy to fathom why Walters is so repeatedly drawn to the play (he first staged it in 1967; Beevers has played the eponymous role in all three productions), but each new audience will no doubt find it agree-

Ian Shuttleworth

At the Orange Tree Theatre, Richmond, until November 26 (081 940 3633).

Concert/David Murray

The orchestra reinvented

he BBC Symphony calls its current Berlioz celebration on the South Bank, "Reinventing the Orchestra". On Monday, again with Andrew Davis conducting, we had two striking examples of that one by Berlioz himself, the early overture Les Francsjuges, and Kalja Saariaho's 1990 Du Cristal. The climax of the concert, however, was Berlioz's great Te Deum, for large is not so much "reinvention" as magisterial consolidation.

Les Francs-juges went with brilliant sonorities and clatter, obviously inspired by Weber (think of the Freischütz overture) but no less obviously French and confidently original. Berlioz composed the first version at 23; David Cairns' excellent programme-notes speculated that in later drafts - the original is lost - it acquired authority as well as a lot more instru-

Now, however, we know the even earlier Messe solenelle, "lost" but recently rediscovered, from which much music was to be recycled in his mature scores. And though it acquired refinements in its various new dresses, the pristine inventions of the original were astounding from the start: no wonder that Berlioz used to be unjustly reputed as an extraordinary orchestrator but an amateurish compose It takes time to realise that the music and the "effects" are indissoluble.

There is no mistaking that in the Te Deum, where the grandeur of the "Tibi omnes" and above all the "Judex crederis" - in Cairns's memorable phrase, "swaying between terror and splendour like the swing of an enormous bell" - are wholly musical. The Davis performance was

splendid, with the Philharmonia Chorus vying with the orchestra in weight and depth, and John Aler a moving tenor soloist. The New London Children's Choir were well up to standard too.

One regretted just a little the dryness of the Royal Festival Hall acoustic. The solemn opening chords, for example, alternating between orchestra and organ, were designed for the reverberant church of St. between them. The grand organ part was well played by Malcolm Hicks, but much subdued by the closed upper doors before the organ-pipes. Surely a mistake? - even if the requirements of the live broadcast made it seem prudent. The Festival Hall organ cannot be at the opposite end from the orchestra, as Berlioz intended, but it can roar, and it didn't.

Miss Saariaho's Du Cristal is a study in soft, infinitely refined orchestral densities. It fields a synthesiser and any amount of percussion. Little by little, one perceives slow harmonic breakdown and change as if through deep water - or behind crystal, as her title suggests, or even ice (she is Finnish, and the score has a distinct Nordic atmosphere). On the surface tiny tune-lets float and bob; just occasionally, the variously deployed orchestral sections come together in hammered ostinati.

It holds and tantalises the ear, to mysterious expressive effect. When we can hear it together with its companion-piece, a "capricious" double concerto called . . . à la fumée, more may be revealed. One cannot but be intrigued by learning that the solo cello-trill that ends Du Cristal so delicately is also the first sound in . . . à la fumée.

Sponsored by Land Rover.



BONN

Oper La traviata (Oct 13, 16, 19, 23, 25, 28) marks the debut as producer of Jurgen Rose, the distinguished German stage designer. The cast is headed by Marisa Vitali, Michael Recs Davis and Thomas Mohr. Repertory also includes Jenufa, Les Contes d'Hoffmann, Antonio Carlos Gomes' opera il guarany and a new dance drama on the Dreyfus affair (0228-773667)

■ BORDEAUX

Palais des Sports Tonight. tomorrow: Pascal Verrot conducts Orchestre National Bordeaux Aquitaine in works by Honegger. Shostakovich and Ravel, with cello soloist Boris Pergamenshikov (5648

■ COLOGNE

Schauspielhaus Tonight: revival of Gunter Krämer's production of Brecht's The Good Person of Sechuan, Kramer's production of Shakespeare's King Lear can be

seen throughout the month at Halle Kalk - next performances on Fri, Sat and Sun (0221-221 8400) Opemhaus Tonight, Sat: Handel's Agrippina. Tomorrow, Sun: Der egende Hollander with Wolfgang Schone and Lisbeth Balsley. Fri: Lortzing's Der Wildschütz (0221-221

Philharmonie Tornorrow: Frank Peter Zimmermann violin recital. Sat: Meredith Monk and vocal ensemble. Sun morning, Mon and Tues evenings: Jiri Kout conducts Gürzenich Orchestra in works by Janacek, Schoenberg and Dvorak, with violin soloist Christian Altenburger. Sun evening: Hartmut Haenchen conducts C.P.E. Bach Chamber Orchestra in music by the Bach family (0221-2801)

COPENHAGEN

Royal Theatre Tonight, Sat, next Tues: Jan Latham-Koenig conducts Flemming Findt's new production of Prokofiev's Love for Three Oranges. Tomorrow: Peter Schaufuss production of La Sylphide. Fri: Hans Brenza's production of Coppelia Mon: John Cranko's ballet Onegin (tel 3314 1002 fax 3312 3692)

DRESDEN

Semperoper Tonight, Sat Indo Metzmacher conducts Peter Konwitschny's new production of Un ballo in maschera, with cast headed by Luana DeVol and Mario Malagnini, Tomorrow: Ariadne auf Naxos. Fri, next Tues: La traviata, Sun: The Cunning Little Vixen. Mon: Stephan Thoss' production of Prokofiev's ballet Romeo and Juliet. Oct 23, 24, 25: Gluseppe Sinopoli

(0351-484 2323)

conducts the Dresden Staatskapelle

■ FRANKFURT Oper Tonight: Die Walküre - second night of the Frankfurt Opera's new

Ring cycle, staged by Herbert Wernicke and conducted by Sylvain Cambreling, Slegfried follows on Fri and Götterdämmerung on Sun. A second cycle begins next Tues, and a third on Oct 25. The cast is headed by Haraid Stamm, Janis Martin and William Cochran (069-236061) Alte Oper Tonight: Milva, Tomorrow. Fri: Dmitri Kitaenko conducts Frankfurt Radio Symphony Orchestra in works by Richard Strauss and Mahler. Sun morning, Mon evening: Wolfgang Seeliger conducts Frankfurt Opera Orchestra and Darmstadt Concert Chorus in works by Stravinsky and Orff. Next Tues: Bryan Ferry. Oct 22, 23: Riccardo Muti conducts Orchestra

■ GOTHENBURG

Mariza (069-360 1240)

and Chorus of La Scala Milan

Frl. Sat. Sun. Mon: Budapest

Jahrhunderthalle Hoechst Tonight:

Operetta Theatre in Kalman's Grafin

Chris Barber Jazz and Blues Band.

(069-134 0400)

Konserthuset Walter Weller conducts the Gothenburg Symphony Orchestra tonight and Fri in works by Wagner and Bartok, with vocal soloists Doris Soffel and Oddbjörn Tennfjord. Next Tues: Bengt Forsberg and Erik Risberg duo piano recital. Next Wed and Thurs: Neeme Järvi conducts two programmes of Scandinavian music (031-167000)

Operan The first opera production in the new theatre is Blomdahl's 1959 opera Aniara, opening on Sat (repeated Oct 18, 20, 23, 26, 29). The first ballet is Prokofiev's Romeo and Juliet, opening Oct 21

■ HAMBURG

(031-131300)

Staatsoper The main event this week is the first night on Sun of a new production of Rigoletto. conducted by Roberto Abbado and staged by Andreas Homoki, with a cast headed by Franz Grundheber, Mario Giordani and Hellen Kwon (repeated Oct 19, 22, 27). Repertory boheme, Cosi fan tutte and the Henze/Neumeier ballet Undine. Alessandra Marc gives a song recital tonight (040-351721) Deutsches Schauspielhaus The first new production of the season is a five-hour sequence combining Lessing's Nathan the Wise and Marlowe's The Jew of Malta. directed by Anselm Weber. Next performances tomorrow, Sat and Sun (040-248713)

■ LEIPZIG

Gewandhaus Fri: New Bach Collegium plays Bach and Haydn. Sun: Udo Zimmermann conducts Middle German Radio Chamber Philharmonic in works by Lutoslawski, Prokofiev and Dvorak, with piano soloist François-Joel Thiolier. Sun (Kleiner Saal): Ysaye Quartet plays string quartets by Haydn, Schulhoff and Mendelssohn. Tues: Leonard Grin conducts Middle German Radio Symphony Orchestra in Rakhmaninov and Shostakovich,

with piano soloist Vandan Marnikonian (0341-713 2280)

■ LYON

Opéra The main event this week is the first night on Sun of a new production of Berlioz's La Damnation de Faust, conducted by Kent Nagano and staged by Louis Erlo, with Susan Graham, Thomas Moser and José van Dam (repeated Oct 19, 22, 30, Nov 2, 5 and 8). Lyon Opéra Ballet presents Ange Preljocaj's production of Prokofiev's Romeo and Juliet tonight, tomorrow, Fri, Set, next Tues at Halle Tony Garnier (tel 7200 4545 fax 7200

MUNICH

Staatsoper Tonight, Tues: Tannhäuser with Heikki Siukola, Bernd Weikl, Nadine Secunde and Marilyn Schmiege, Tomorrow, next Mon and Thurs: Lucia di Lammermoor with Edita Gruberova and Dennis O'Nelli. Fri: Ray Barra's production of Minkus' ballet Don Quixote, Sat, next Fri: Nabucco with Renato Bruson and Julia Varady. Sun: Ashton's La fille mal gardée (089-221316) Gastelg Tonight: Montserrat Caballé. Fri: St Petersburg Staatskapelle plays Mozart, Chopin and Prokoflev (089-4809 8614) Herkulessaal der Residenz Tonight: Mischa Malsky cello recital. Mon: Zurich Chamber Orchestra plays Mozart. Tues: Marilyn Home

■ OSLO Konserthus Tomorrow: Michel

(089-299901)

Swierczewski conducts Oslo Philharmonic Orchestra in works by Gubaydulina and Lutoslawski, with violinist Stig Nilsson. Fri: Yuri Bashmet directs the Moscow Soloists: Telemann, Bach, Schnittke. Sat: Nanci Griffith (2283 3200)

■ STOCKHOLM

Konserthuset Tonight, tomorrow: Yan Pascal Tortelier conducts Royal Stockholm Philharmonic Orchestra in works by Beethoven, Prokofiev and Debussy, with violin soloist Isabelle van Keulen (tickets 08-102110 information 08-212520) Royal Opera Tonight, Mon and Tues: Tosca. Tomorrow: Alda. Fri: ingvar Lidholm's Strindberg opera A Dream Play (tickets 08-248240 information 08-203515)

■ STRASBOURG

Théâtre Municipal Tonight: premiere of new Opéra du Rhin production of Salome, staged by Dieter Dom and conducted by Friedrich Haider, with cast headed by Cynthia Makris, Philippe Rouillon, Stuart Kale and Vera Baniewicz. Repeated Oct 14, 16, 20, 22 and 24 (8875 4823)

■ STUTTGART

Staatstheater Tonight, Frl: Rolf Riehm's opera Das Schweigen der Sirenen. Thurs: La boheme. Sat, Sun, Tues: Béjart's dance version of Die Zauberflöte (0711-221795) Liederhalie Sun morning, Mon evening: Lú Jia conducts State Orchestra in works by Fauré, Poulenc, Messiaen and Stravinsky (0711-221795)

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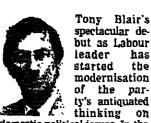
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Ian Davidson



domestic political issues. In the process, he may well trigger a rethink of the domestic political vocabulary of British politics at large. What he has not yet begun to do is to extend this modernisation process to British thinking about foreign policy, and specifically about

Europe. This is a more difficult and more urgent task than anything he has so far undertaken. The commentators applauded Mr Blair's promise to reform the Labour constitution and the Clause 4 commitment to nationalisation. But his challenge to the left is not really a heroic effort of new thinking: everybody has long known that Clause 4 is just an inert shibboleth inherited from the distant past. This was really just a piece of political theatre: easy to understand, vibrant with symbolism, but devoid of

operational significance. Europe is a different matter. This is not an ancient taberna-cle of old bones, but a colossal new problem that looms ahead; and the choices that will have to be made risk splitting the country from stem to stern. But the dividing line will not be between Labour and Tory; there is a fault line which may split both parties, and indeed the whole country.

Until now, the dominant characteristic of the British debate about Europe has been a pretence that the issue can be fudged. At the fringes there is a small minority of uncompromising federalists; and opposing them is a larger minority of visceral anti-Europeans. But the middle ground is occupied by a vast flock of ostriches; they vaguely assume that the UK ought in some lukewarm sense stav "in Europe". but they hope against hope that all rigorous decisions can be avoided.

"Ostrichism" has two consequences. Neither of the main parties of government has so far been able to set out a coherent European strategy. As a result, both of them are liable to be jerked about by the atavism of the anti-Europeans.

This situation is deplorable, because it means that Britain does not really count in the

Blair's labours

A coherent Europe policy still eludes the UK's main crat (CDU) party.

political parties grand debate on Europe's future. How could it, when the government is vaguely but incoherently anti-European, and the opposition has yet to get to grips with the question? It is true that Mr Blair's tone on Europe is more positive than John Major's. But he still sounds like a man who is hedg-

ing his bets. In his fullest policy statement on Europe, Mr Blair said that the UK needs a "development in Europe of the ways in which we co-operate on foreign and security policy"; and this in turn will "involve an assessment of our attitude to eastern

Despite his positive tone, Blair still sounds like a man who is hedging his bets

Europe". As for the programme for economic and monetary union and a single currency. Mr Blair has said the UK should keep an open mind. These pronouncements are not a bright beacon for the confused of middle England.

Some people may think there is no rush. Labour's new leader still has time in hand to work out a thorough European policy, they believe. The moment of truth will not come until the Inter-Governmental Conference which is supposed to revise the Maastricht treaty, and it does not meet until 1996. Such a "no hurry" attitude is based on a double fallacy, however. It is true that the IGC does not formally convene until 1996. But the outcome of the conference will to a significant degree be decided beforehand, in the preparatory debates over the agenda; and

those debates are already under way, with the Germans (and the French) setting the nace as usual.

In fact, it is the Germans who are out in front, with at least two coherent blueprints for a radical shift towards a more integrated Europe in 1995; first with the report of the European structural commission financed by the Bertelsmann foundation, published in June and soon to appear in English; and more recently with the paper from the governing Christian Demo-

The most fundamental ques tion is, what is the purpose of the conference? Is it just a routine 5,000km tune-up of the Maastricht treaty in the light of experience? Or should it be. as the Germans obviously believe, a far-reaching rethink and revision of the European Union, its policies and its institutions? This fundamental choice, between a big conference and a little conference, will largely determine the agenda of 1996; and it will grad-

ually emerge, as a result of the debates starting now. The second fallacy in the "no rush" approach, is that it takes no account of democracy. Ratification of the Maastricht treaty was a nightmare, mainly because governments treated voters and parliaments as an after-thought. They cannot afford to repeat the experience; and governments which want a big IGC in 1996 will also want to make sure that public opinion is kept in touch with the arguments and the issues well in advance. "We want to avoid the main mistake of Maastricht," says Werner Weidenfeld, editor of the Bertels-mann report, "the almost com-

plete absence of a public

The British may imagine they can have the kind of conference they want, and prepare accordingly. Obviously Mr Major would prefer a little conference, because he is hostile to the quasi-federalist notions of the Germans. The danger is that the British may rely on foot-dragging, in the hope that they can avoid or prevent a big conference, until it is too late to prepare the voters for a different scenario. For it is probable that the UK shall face a big conference anyway, partly because a majority of member states will want it, but mainly because the European Union cannot be enlarged to the east

ippon Telegraph and Telephone, the part-privatised Japanese telecommuni cations operator and the world's most valuable company, is preparing to fight off the third attempt in 10 years to break it up.

Today, UK investors will be invited to buy shares in the company – capitalised at Y13,603bn (£85bn) – when it makes its debut on the London Stock Exchange. Last month, NTT was listed in New York.

Mr Masashi Kolima, NTT's tough-talking president, hopes that success in attracting foreign investors will help fend off a break-up of the company by the Ministry of Posts and Telecommunications when its status comes up for review next spring, five years after the last such exercise.

The company wants to boost its poor international image and raise the proportion of shares in foreign hands above 1.5 per cent, a fraction of the average for leading listed Japanese companies. At issue is how fast Japan will modernise its backward

telecommunications industry. and provide companies and private subscribers with the advanced communications they need in the next decade. The ministry wants to divide the group into a long-distance

unit and one or several local monopolies to increase competition and improve efficiency. The model is AT&T in the US, which was split in 1984 into several companies that have become fiercely competitive in the home market and abroad. NTT's detractors say that the

arguments for break-up look

stronger today than in 1985,

when the ministry first launched a campaign to dismember the group in the run-up to partial privatisation. Japanese telecommunications lag 10 years behind the US in the scope of services, according to Jardine Fleming Securities. Japan is, for example, well behind the US in installing digital technology in local networks, where NTT has a monopoly. Prices on long-distance calls have fallen less fast than in the US - despite competition from five private operators. The proportion of mobile phone users, where NTT has a 60 per cent share of the domestic market, is among the lowest in the developed world. Only recently has it

until last April While there is competition on trunk calls, the company's competitors allege that it has

been possible to buy a mobile

phone - they had to be rented

Threat to tear apart big beast

NTT of Japan will resist plans to break it up, write William Dawkins and Michiyo Nakamoto

charged them unfairly high rates for connecting longdistance calls through its own local networks. And they claim that profits from the local monopoly subsidise operations in the long distance market.

Mr Kojima denies that NTT is overcharging long-distance competitors, and points out that prices have fallen by an average of 12 per cent a year. The access charges paid by long-distance operators for using the local network are in line with those in the UK and US, he says.

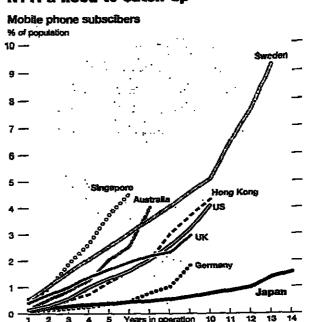
However, the competitors also allege that NTT uses its monopoly over the local network to get access to crucial business information and to delay or even thwart new services. Separating NTT's longdistance from its local busines would weaken its monopoly power and force it to set lower access rates, they argue.

NTT's case for staying together is not helped by its poor financial performance Profits have fallen for the past four years. Today's share price of Y872,000 is well below the Y1.197m at which the first tranche of the company's shares was floated in 1986.

Even at this level, the shares stand at almost 184 times this year's prospective earnings, a price/earnings ratio that is unlikely to be attractive to non-Japanese investors.

Over the next few months. Mr Kojima will try to persuade the ministry mandarins that NTT has been reborn under his guidance. The company has cut labour costs and focused on fast-growing services, such as recently deregulated mobile phones. "We used to be like an elephant. Now we are a lean, strong tiger," he says.

Securities analysts now predict a gentle profits revival next year and a strong recovery in 1996. However, the outlook for a longer-term profits recovery depends partly on persuading the ministry to agree a rise in local call rates on top of a rise in line-hire charges, likely to take effect early next year. NTT has lost money on this part of its bustNTT: a need to catch-up



Network modernisation (% of network digitalised RBOC* averag

was aired in 1990.

NTT's telephone services

face growing competition from

private mobile operators, at a

time when the arrival of multi-

media will push up research

costs. With US regional tele-

phone companies pursuing

integration in response to

these pressures, it would be

eccentric for NTT to follow the

opposite tack and split up, says

Mr Kojima. Only a single group can invest the Y45,000bn

needed to catch up with the US

and give Japan a full multime-

dia network, offering services

such as video on demand, home shopping and banking.
In fending off NTT's detrac-

ness for 15 of the 17 years since the cost of a local call was frozen by the ministry at Y10 for three minutes - one of Japan's rare bargains.

The company has asked for an 18 per cent increase in local call charges next year or in 1996. Mr Kojima is confident that the ministry will concede a rise, perhaps slightly below

this level. The company's other main defence against dismemberment rests on the growing complexity of the tasks required of a national operator. Mr Kojima says "the situation has changed dramatically' since the last time a break-up

its eagerness to drive down business costs at a time when the strength of the yen is damaging Japanese competitive-ness. NTT's position as Japan's largest buyer by far of electrical equipment, with an annual budget of Y1,900bn, used to assure it of business support, but the Keidanren is now said

tors. Mr Kojima has lost the support of important allies,

including customers, who have

become more aware of the ben-

efits greater competition has

The Keidanren, Japan's pow-erful husiness federation, has also embraced deregulation in

brought in other countries.

to support an NTT break-up. The trade unions, another old NTT ally, may be rethink. ing their loyalty. They helped block two previous break-up attempts, in defence of Japan's largest private sector employer and the system of lifetime employment NTT represented. That loyalty has been weakened by the company's decision last year to cut 10,000 jobs, 13 per cent of the workforce, as part of an attack on NTT's

uncompetitive labour costs. ne important ally split NTT: the finance ministry, which wants to sell part of its 65.6 per cent holding of the company's shares. A plan to reduce its stake to 50 per cent in 1991 had to be delayed because of the poor performance of the shares. The min istry, which is more influential politically than its telecommunications colleagues, believes keeping the company intact will maximise the price on share sales.

Whatever the outcome of the battle over the future of NTT. foreign investors are unlikely to be affected, say securities analysts. If the company were broken up into several local operators, a package of the new companies' shares would probably perform just the same as NTT over the years, says Mr Barry Dargan of S.G. Warburg, the UK merchant bank handling the listing.

Mr Kojima hopes that more foreign interest in NTT might help change telecommunications ministry mandarins' uncharitable view. "Not even the ministry can ignore public opinion," he says.

But Japan's new drive for deregulation means he faces a tough fight to justify NTT's existence in its present shape. It is evidence, for those who doubt Japan's new enthusiasm for deregulation, that even the biggest corporate beasts are being challenged.

THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Misguided protectionism in defence

From Mr David Henderson and Mr David Sawers.

Sir. Your feature on the forthcoming order for military helicopters from the British government ("Helicopter makers in a spin", October 6) shows that protectionism lives on in British defence procurement, despite the ample evidence of its harmful and even disastrous effects on costs and performance in the past.

The instruction to bidders that as much of the work as possible should be placed in the UK is misguided on two grounds: that it involves protection, and that it does so in an inefficient and ill-consid-

As to the first and fundamental point, there is no valid reason to grant a subsidy to British rather than overseas elements of system costs. Each bidder could in any case be expected to place as much

Sir, Mr John Gummer, UK

environment secretary, is try-ing to get supermarkets to

agree on recycling; at the same time there is concern about the

miles travelled by the produce

they sell ("Industry may be

forced to fund recycling of

packaging", October 10). What about the miles trav-

elled by their customers and

the social and environmental

damage that causes? My local

supermarket, just off the city

centre, only welcomes cars, to the considerable detriment of

the nearby residential areas.

There is no direct access for

public transport, and the only

pedestrian access is directly

across a busy dual carriage-

way. Absolutely classic bad

Mr Gummer should do some

more head-bashing and make supermarkets take action to

Home delivery is answer

to stores' green damage

ent with minimising these costs. To require a higher British content would increase the prospective costs, and would mean an inefficient use of Brit-

ish resources.
In the competitive market that the government claims to believe in, and which it has been fostering in some areas, resources will move where their output is worth most. If resources can be used in a helicopter programme only because a subsidy is paid, they can be expected to produce less than they could in other uses.

The apparent willingness to pay a subsidy in this case may be accounted for by (1) the still-prevalent belief that products identified as "high-tech" have some semi-mystical value of their own, over and above what people are willing to pay for them, and/or (2) a tacit

assumption that the resources

To do this, they could be required to provide a delivery

service. That would at least provide some inducement for

people to leave their cars at home and reduce environmen-tal damage, as well as offering

help for the elderly and disa-bled.

Of course, if we were really modern the delivery service would, on a restricted basis,

extend to telephone and com-

puter contacts as well as per-

sonal rambles around the

The central thing is that

there is an ever-increasing

need for government to grapple

with the environmental ill-ef-

fects of supermarkets and force

them to accept some responsi-

bility for the damage they

cause. A delivery service

would be a good start.

R E Crum

89 Hall Road

work in Britain as was consist- in question would otherwise be unemployed. But the first argument is mistaken, and the second highly improbable for the skilled resources involved. If there is a problem of labour mobility, it is better dealt with by general measures than by ad hoc subsidies. Why should helicopter production be treated differently from coal mining?

The requirement to place as much of the work as possible in the UK is a recipe for needless inefficiency unless the relative costs of different mixes, British and foreign, are clearly brought out. It is important that in each case the bidders should have to specify which mix would minimise costs, and what increases in costs would be caused by different ways of increasing the British contribu-

Finally we hope that Bernard Gray is mistaken in supposing

could be placed for both the Lockheed C130J and the Apache helicopter system, because buying both would be one American purchase too many for the Ministry of Defence. If the present government allowed such nationalistic sentiments to determine its decisions on defence procurement, whatever the evidence on costs and performance, it would show that it is as willing as its predecessors to waste taxpayers' money. It would also give the nation defences which are weaker than they need or ought to be. David Henderson. Fondation Nationale des

that it is unlikely that orders

Sciences Politiques, 4 Rue Michelete. 75006 Paris David Sawers, 10 Seaview Avenue, Angmering-on-Sea, Littlehampton BN16 1PP

Abuse of dominance is why fine was upheld

From Mr E S Singleton,
Sir, The European Commission's record Ecu75m fine

against Tetra Pak has been upheld (World Trade News: Tetra Pak loses appeal against fine", October η . Your report states that Tetra Pak was regarded by the Commission as too dominant". In fact, article 86 of the Treaty of Rome does not outlaw dominance. Market dominance often occurs because a company produces products consumers want. It is the abuse of that dominant position which can result in fines of up to 10 per cent of worldwide annual group turnover under the EU competition

Tetra Pak was found to have engaged in a range of practices such as discriminatory and predatory pricing, requiring Harrow, purchasers of the company's Middleser HA2 OND

Pak manufactured cartons on the machines, excessively long leasing contracts and restrictions on re-sale of machines. As reported, the appeal centred on the definition of the relevant market, often the hardest issue in EU competition cases. It is unfortunate that the Commission is now considering, in a new technol-ogy transfer regulation, outlawing common provisions found in patent and know-how licences for companies with larger market shares; this will

machines to use only Tetra

increase legal costs and add uncertainty to many licensing arrangements E S Singleton. Singletons, solicitors, Eagle House 61 Brooke Avenue,

Life under the big spenders

From Mr Richard Bacon. Sir, According to Joe Rogaly. today's Conservative ministry has trapped itself on the shores of free-market minimalism" ("Echoes of Tory voices", October 7). Rogaly seems to have forgotten that nearly half the

44 per cent - is in the public sector. What would it be like under a Labour ministry, full of politicians who were actually keen on spending other people's money? Richard Bacon, 86 Gloucester Street, British economy - more than | London SWIV 4EE



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From Mr Giles Radice MP. My review ("Powerful threat of German weakness". September 29) of David Marsh's book.

reduce customer use of cars. | Norwich NR1 2PP.

Germany and Europe: The Cri-Giles Radice, sis of Unity, contained a small House of Commons, error. The Bundesbank London SWLA 0AA

stated in the article.

Right years for interest rate rises increased interest rates three

times in 1991 and again in July 1992, not in 1992 and 1993 as

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Wednesday October 12 1994

Mopping up the sleaze

Some years ago, it might not have seemed incongruous for a British minister to boast of the unparalleled honesty of his country's politics. It does today. No government can claim to be free of self-serving behaviour by elected or appointed officials. But standards of public life in Britain have fallen too far. Mr John Major should respond by exposing past corruption, and acting to prevent future lapses.

STATE OF STATE

Much of this is a matter of perception; some is proven wrongdoing. Questionable individuals have donated large sums to the Conservative party. Tory MPs have been willing to accept fees for asking parliamentary ques-tions. Ex-ministers have joined the boards of industries privatised by their former offices, or moved to merchant banks that handled departmental business. Trading in Anglia Television shares is celleved not to have profited Lord Archer personally, but he should further amplify his denials of insider dealing.
Former public officials, sitting

as executives of state-owned industries, have become hugely enriched by privatisation. The network of quangos is managed in dark secrecy by ministerial placemen and women; many are redun-dant party functionaries or past donors to Conservative funds. Some are thought to have put business in the way of companies they previously served.

The most dramatic accusations have arisen from arms deals. This week it has been alleged that Mr Mark Thatcher, son of the then prime minister, benefited from commissions paid to middlemen. who brokered the Al Yamamah arms deal with Saudi Arabia.

It is hardly surprising that 61 per cent of respondents to a Gallup poll in the Daily Telegraph agreed that the Tories appear "very sleazy and disreputable". Some of them are. Mr John Major cannot be responsible for individ-ual actions, but he must be seen to be aware of the problem, and act to stop the rot. He could use-

fully begin with his predecessor.

If Mr Thatcher profited from the Saudi deal, the breach of rules for ministerial behaviour would have been his mother's. She set up the deal; no relation of hers should have profited. A public inquiry into the issue, as demanded by Labour's Mr Robin Cook, would be impossibly laborious. But Mr Major could publish the notes on Al Yamamah prepared by the then permanent secretary at the minis-try of defence, the National Audit Office report, and other relevant documents. He could prevail upon Lady Thatcher to make a more detailed statement than her brief

The picture is changing, however. Retailers are showing a new appe-tite for international ventures, and assertion of probity this week. He could tighten the rules of the ability to carry them off. This ministerial behaviour, both in opens up the prospect of rapid growth for those that succeed and office and within a couple of years of leaving it, and legislate to make harder times for weaker chains used to competing only against accountable. He could subject familiar, national rivals. appointments to NAO scrutiny, hold all names on a publicly avail able national register, and publish audited accounts of all relevant

"If you were to list half a dozen key retailing issues for the 1990s. internationalisation would be near the top," says Mr George Wallace, chief executive of the UK-based retail consultancy, Management

efore the decade is out,

the biggest company in the world by turnover

may not be a carmaker,

an oil company or a computer manufacturer; it could be

Wal-Mart, the world's biggest

stores group, is forecast to increase

sales from \$67bn last year to \$84bn

(£53bn) this year and more than

\$100bn next year. This would put it among the world's top 10 companies - and if this growth rate continued,

Wal-Mart could overtake industrial

giants such as General Motors and

Exxon to become the world's big-

Much of this growth will come outside Wal-Mart's US base. In the

past year, the company has

acquired 100 stores in Canada,

begun building 40 stores in Mexico and formed a joint venture in Hong Kong from which it will expand into

China. It has also announced plans

to move into Argentina and Brazil, and is thought to be planning to

enter Singapore, Chile and Europe.

Other retailers are following Wal-

Mart in expanding internationally -evidence of the growing globalisa-tion of the retail industry. Until

recently, many stores groups were

discouraged from expanding abroad by the potential pitfalls of appealing

world of global manufacturers, there were few global retailers. Some retailers have had well-pub-

licised problems with their interna-

tional ventures. They include Dix-ons, the UK electrical stores group, with its acquisition of the US Silo

chain; Marks and Spencer, which

made a costly entry into the Cana-dian market; and France's Prin-

temps, whose joint venture in

Japan almost went bankrupt.

erent cultures and tastes. In a

gest company by the millennium.

a retailer.

He adds that the publicity that has surrounded the problem cases has obscured the extent to which some retailers have successfully made their business more international since the 1980s. France's Promodès and Carrefour, Germany's Aldi and Tengelmann, Belgium's Delhaize, and Ahold of the Netherlands have increased the proportion of their turnover that comes from outside domestic markets through acquisitions and growth - to 70 per cent in the case of Delhaize.

With domestic growth opportunities in decline, stores groups are expanding abroad, writes Neil Buckley

Retailers' global shopping spree

biggest food retailer, made its second foray into the US, buying 50 per cent of voting shares in Giant Food, the Washington DC-based supermarket group. Sainsbury's latest acquisition, combined with its pur-chase in 1987 of Shaw's, the New England chain, makes the UK group the 11th largest grocer in the US.

Other retailers have operations spread over so many countries that they can already be considered global. These include clothes retailer Benetton of Italy, Sweden's home furniture chain Ikea. Toys R Us of the US, UK clothes and food retailer Marks and Spencer, and fast food group McDonald's

Moreover, the pace of internation-alisation by retailers is quickening. In a recently published report, retail research group Corporate Intelligence says European retailers made 610 cross-border moves in the first four years of the 1990s - compared with 611 cross-border deals in the whole of the 1980s.

US retailers are also on the move, the group says. The number of US stores groups operating in Europe is 45 today, up from 15 in 1991.

Retailers with international ambitions are also emerging from east Asia. Japanese groups such as Sogo, Takashimaya and Yaohan, which have spread across Japan, Singapore, Hong Kong and Thailand, are now coming to the west.

This wave of internationalisation

has been prompted by a combination of "push" and "pull" factors, according to Mr Giles Elliott, a director of Schroders merchant bank, and Mr Michael Poynor, of strategic consultancy Coba, who have advised retailers on international expansion.

The biggest "push" factor, they say, is saturation of domestic markets. While there is room for expansion at home, retailers have no need to look abroad, but that option is

In the UK, for example, retail chains' share of the food retailing market jumped from 49 per cent in 1973 to 80 per cent by 1992, according to market research group AGB. A similar pattern can be seen in countries such as France, Germany, Belgium and the Netherlands. With such levels of dominance at



home, companies are moving into countries with less developed retail markets, or buying existing chains in developed markets.

The so-called "pull" factors include the falling barriers to entry into markets worldwide. The creation of a single European market of 320m consumers in 1992 allowed goods to be moved freely across pan-European distribution networks. It has made Europe a much more attractive destination for US and Asian - retailers.

Another "pull" factor is that retailers' suppliers are becoming more international themselves. Manufacturers of consumer goods such as Unilever are restructuring manufacturing operations on a pan-European basis, and adopting international marketing campaigns. A

symbol of this is the growing importance of internationally recognised brand names in consumer goods, lectricals and consumer durables. These "push" and "pull" factors, combined with increased foreign travel by consumers and the spread of cross-border mass media such as

what Mr Wallace of retail consultancy Management Horizons calls "common denominators" in consumer tastes. Mr Alan Lambert, Marks and Spencer's divisional director for continental Europe, says that not only is there now a "Euro-con-

satellite television, are creating

sumer" but also an "international consumer" for its wares. "Our bestselling products are the same in London, Madrid or Hong Kong,"

which retailers cannot neglect in international moves. Says Mr Wallace: "15 years ago, companies plonked a few shops down and hoped they would work. Now they take great care to analyse the local situation and local markets."

Some have found partnerships and joint ventures with local retailers the best way to expand abroad. For example, M&S formed a joint venture with local retailer Cortefiel in Spain, which helped it to find sites, get to know the market, and deal with local authorities.

Others such as Benetton, Body Shop and McDonald's have taken the franchising path. The retailer supplies the product, the name, a tried-and-tested store format and support systems, leaving local business people to run the stores.

In saturated markets such as the US, Canada, the UK, France, Germany, the Netherlands and Australia, there is limited scope for winning market share through growth. The only retailers that can expect to do so are those that are highly innovative in at least one aspect of their business: store format, shopping environment, product quality or choice, customer service, or systems and distribution methods. For others, acquisition of existing groups is likely to be a better route.

n emerging markets, acquisition targets are limited, but organic growth presents an exciting - if risky - opportunity. Accountancy Coopers & Lybrand identifies 10 target markets for retailers, divided into the "tough three", the "torrid three" and the "formidable four".

The "tough three" - Italy, South Korea and Japan - are strong economies with large middle classes, but where local restrictions have limited the degree of concentration of retailing, and entry by foreign groups. With at least some of the entry barriers expected to ease over the next few years, these markets

provide significant opportunities.

The "torrid three" - experiencing rapid if volatile economic growth but with an underdeveloped retail sector - are Mexico, Turkey and Argentina. These offer even more exciting growth prospects than the tough three", but with a moderate degree of economic risk.

The greatest political and economic risks are presented by the "formidable four" – Brazil, China, Russia and India - according to Coopers & Lybrand. They have a poor retail infrastructure, but offer retailers the most exciting prospects, with rapidly growing middle classes hungry for consumer goods.

Wal-Mart in Volgograd or Sainsbury in Shanghai may still be years away. But one of the world's biggest but most localised industries is at last coming to terms with the global marketplace.

Prize fighters

It's Nobel-tide again. The prize for to award them in his will. On the medicine was awarded on Mon- whole those entrusted with his day, that for economics yesterday, and the peace prize is expected on Friday. As usual the latter is causing the greatest controversy. According to apparently authoritative leaks, it will go jointly to Yassir Arafat and Yitzhak Rabin. One member of the awarding committee is said to be planning to resign in protest, on the grounds that Mr

Arafat is a former terrorist. The row is as depressingly predictable as the choice. A terrorist past should not in itself be a disculty of defining the term, it is true that those who make war are often best placed to make peace.

No, the objection to Mr Arafat, as indeed to Mr Rabin, is that they are established national leaders whose role in "the peace process' has already been recognised ad nauseam. If the committee has indeed chosen them, it has acted true to the form which dictated such choices as de Klerk-Mandela (1993). Begin-Sadat (1978) or Kis-

singer-Le Duc Tho (1973). Several questions suggest them-selves. What are Nobel prizes for? Why are there three science prizes, one for literature, and one for peace, but none for art, music. philosophy, psychology, or any of the social sciences except (since 1968) economics? What are the credentials of those who award them? And why does the world pay so

much attention? Some of the answers lie buried

legacy have interpreted it imaginatively, including astronomers under physics, animal behaviourists under physiology, and historians (notably Winston Churchill) under literature.

bodies. He could tighten executive

remuneration procedures in regu-

lated utilities. Sleaze is a serious

inevitably, in making compari sons across such enormous fields, they have to be subjective and sometimes appear capricious. Who can possibly be qualified to set the merits of a Chinese poet against those of a Colombian novelist? Yet the Swedish Academy was right to only Europeans be considered for the literature prize. Recent awards such as that to the Egyptian novelist Neguib Mahfouz in 1988 have helped to make the western public aware that great literature is being produced in non-European

languages and cultures.
When the prizegivers err it is more by striving for objectivity or what is now called political correctness than by eccentricity. They are at their best when giving the peace prize to a figure who is still controversial or embattled, as Martin Luther King was in 1964 and Andrei Sakharov in 1975; or in recognising a scientist such as Georges Charpak (physics, 1992) whose work on particle detection was hitherto little noticed, yet essential to many flashier discov-

eries in related disciplines. Scandinavian subjectivity is no worse than any other sort. Any attempt to make the committees with Alfred Nobel, who endowed globally representative would certhe prizes and specified the bodies tainly be the kiss of death.

resident Boris Yeltsin has long been attacked by Russia's nationalists and communists as an unworthy

They have accused him of falsifyresult to get the constitution he wanted; and derided him for subsequently acting outside that constitution to push through measures, such as privatisation, against par-

upholder of democracy.

But the disillusionment that is now taking hold among his support-ers in democratic and liberal circles is altogether more worrying. That these new critics, from the

core of his power base, are finding him increasingly autocratic and unpredictable, bodes ill for his political survival. However, more than Mr Yeltsin's reputation is being damaged by the actions that have prompted their criticisms.

Russia's position on the world stage has been diminished by his recent erratic behaviour on foreign trips. And the country's need for greater domestic stability has hardly been served by the policy reversals that have come with Mr Yeltsin's accommodation of his foes. at the expense of his supporters.

Pro-reform ministers allege that presidential advisers are interfering or even blocking them in their

Russia's tragicomedian

Boris Yeltsin's antics could backfire, argues John Lloyd

efforts to introduce more liberal policies, while the president is ignoring appeals to sack those accused of corruption or authoritarian behav-

The president's long-serving (by Russian standards) press secretary, Mr Vyacheslav Kostikov, last week warned that Mr Yeltsin was being tempted to authoritarian measures by some of his more powerful and conservative aides - especially Mr Victor Iliushin, head of his secretariat.

Two former aides - Mr Genady Burbulis, once his right hand man and first deputy prime minister (in 1992), and Mrs Galina Starovoitova, former adviser on nationalities have both called for the democratic movement to distance itself from him. Mr Burbulis said that there could be no question of Mr Yeltsin running again after his term expires in 1996 and that the greatest problem for democrats was to support him in ending his present term with

Mr Boris Fyodorov, who twice worked with Mr Yeltsin as finance liberals to pass into opposition, since the administration was now becoming more communist than democratic.

However, it has been the "three embarrassments" of his recent foreign trips that have brought to a head the attacks from both the opposition and the president's former allies. During the ceremony in Berlin to

mark the withdrawal of Russian troops, Mr Yeltsin grabbed the baton from the conductor of a police band and staged an imprompta display of vigorous conducting and singing in Washington, after meetings with President Bill Clinton, he was decidedly over-boisterous. And two weeks ago, he snubbed Mr Albert Reynolds, Irish prime minister, when he failed to descend from the aircraft at Shannon airport on his way back from the US.

Comic in themselves, these inci-dents add up to a potentially terrifying vision of a nuclear state's leader not in control of himself. They also undermined the purpose of Mr Yelt-

OBSERVER

minister, last weekend called for sin's trip to the US, which was to emphasise that Russia is a great power and should be seen as such. Mr Yeltsin does represent a great power, but it is much weaker than the superpower Soviet Union and getting weaker. His initiatives on

the world stage, including a proposal for deep nuclear cuts by the main nuclear powers and a push to strengthen the Conference on Security and Co-operation in Europe at the expense of Nato, have had at best non-committal reactions from the west. Were he stronger, he might command more attention for ideas which are at least

interesting. At home, Izvestiya, once his most loyal ally in the press, has ripped into him for the Germany incident, calling his behaviour "our shame" Communist deputies repeated the charge on the opening of parliament last week. And Mr Yegor Yakovlev, the veteran liberal journalist, sharpened the attack in his Obshaya Gazeta last weekend.

Mr Grigory Yavlinsky, the economic reformer who leads the

Yabloko block and has been running for the presidency for more than a year, says Mr Yeltsin is a spent force: a man – who as he said himself in his recent presidential memoir, A View from the Kremlin for Russia.

Mr Yeltsin can hope for little tranquillity. This year's impressive fall in inflation, achieved by slashing public expenditure, now looks like unravelling after Mr Yeltsin announced, in late summer, Rbs4,200bn worth of soft credits for the defence sector and for invest-ment. The International Monetary Fund is sceptical about a standby agreement this year, and though foreign portfolio investment has gone up sharply, little of it has been in the form of longer-term capital.

Last week, Mr Yeltsin said he would not seek to delay the June 1996 presidential election, but did not say if he would stand. Whether he does or not, from now on the pressures on him will include those from the pretenders to his

No one really knows how resilient Mr Yeltsin will prove to be For every expert who knows he is a hopeless, even a fatally ill, alcoholic, there is another who knows he is a strong if moody man, who likes a drink.

No prizes yet

were, the judges would have a problem in appraising the contenders - such are the divergent theories in the industry about how to make durable profits.

The triumphant statement of half-year results issued yesterday by Barings, the UK merchant bank, throws down a gauntlet to proponents of the theory of integrated merchant banking.

Barings, which prides itself on focusing on the most lucrative markets, has delivered much better results than those rivals, such as Warburg, which have modelled themselves on the much larger US investment banks. The US banks themselves, which have already disclosed disappointing profits for the second quarter - in some case losses - are expected to show further deterioration in the thirdquarter figures which are now trickling out.

The current creed of integrated investment banking is that to compete for high-margin business such as corporate advice, or placing of shares and other securities in the market, a bank needs many tools. In particular, it needs distributive power - the market presence to place those securities. That, as some have interpreted the doctrine, means participation in marketmaking, in proprietary trading, and in the latest fashions on the newest markets such as

derivatives. An implication of that trend is that hanks with more capital will have a hefty advantage. They will

There is no Nobel prize for be able better to withstand the investment banking. But if there turbulence of the markets and to extract the maximum return from the riskiest products. If the theory is correct, the middle ground occupied by medium-sized banks may ecome increasingly uncomfort-

> The question raised by Barings' success is whether specialisation offers a profitable alternative to integration for those banks that lack the capital to compete in the top league.

Barings' figures, which showed pre-tax profits of £54.8m compared with £35.5m in the first half last year, owe something to luck: it has had relatively little exposure to some of the most turbulent areas this year, notably the UK fixed income market, it has also benefited from its well-judged early entry into emerging markets, particularly in Asia.

The more important test of the strategy will be whether its out-performance persists as bond markets recover, and as competition increases in Asia, and whether it succeeds in winning corporate advisory contracts without the appendages deemed necessary by its larger rivals.

The implication of Barings' results is that division of the investment banking market is already well under way, into the giants, and the specialised houses. If large scale or specialisation prove to be the best recipes for lasting profits, banks in the middle will have either to find more capital or to retreat from the most fiercely contested markets.

Flattering philately

■ Calling all philatelists. Watch out for a special issue from Italy on November 21 which could be very short-lived. The Berlusconi government, as if it didn't have bigger problems on its hands, has now approved a new stamp depicting the philosopher Giovanni Gentile. Nothing wrong in that,

Except that Gentile was hardly a gentle spirit. In fact, he joined Benito Mussolini's fascist party, serving as minister of education between 1922-24, eventually being murdered in 1944.

The stamp was ordered by the neo-fascist minister of post and communications, Giuseppe Tatarella. Not surprisingly, the Italian Federation of Partisan Associations and the National Association of Italian Partisans have asked the ministry to withdraw the stamp.

Gentile would no doubt have loved all the fuss. An idealist philosopher, he denied the existence of individual minds and of any distinction between past and present QRD, eh?

If only...

■ Observer doesn't want to deflate yesterday's excellent figures from Barings. But they could have been

better if it had played its cards

Some time ago Jardine Matheson, the ancient Hong Kong trading house, was looking for a partner for a new Hong Kong merchant bank. Apparently, Barings was offered the chance but let the idea slip, Robert Fleming stepped in. For a total investment of less than £1m, Fleming now owns a half share in the Far East's most profitable merchant bank. Jardine Fleming today contributes about 40 per cent of Fleming's total profits, which were more than double those of Barings last year.

Rugby balls

■ The appointment of Dalgety marketing whiz Jack Rowell - who also finds time to manage England's rugby team - to the board of biotechnology company Celsis reminds Observer of a bruising tale of corporate hospitality. Celsis was founded by

Ferrari-driving biotechnology mogul Chris Evans, whose other passion is rugby. So devoted to the sport is Evans that he loses no opportunity to take large groups of fund managers, investment analysts and even journalists to a game. He also invites old chums from his home town of Port Talbot, as well as a sprinkling of retired rugby

The scheme backfired last season, when a party of 30 or so City types and steel-workers descended on

THANK YOU FOR NOT DEMONSTRATIN ILLEGALLY .

Cardiff for a match. Unfortunately their tickets were dud; faces were as red as the Ferrari's paintwork as they were turned away.

Old banger

■ Cabinet ministers enjoy revealing new policies at the Conservative party conference, even when the "new" is actually just the old dusted off a little. Yesterday at Bournemouth,

transport secretary Brian Mawhinney gave literal extension to that metaphor, by saying that vintage car owners will be consulted over widening the

application of vehicle excise duty to their old islopies. As a vote-catching vehicle it looks a little rusty.

Putt it there ■ UK health science group seeks

energetic executives with sporting expertise. Good handicap essential Amersham International may have scored a hole-in-one through its link-up yesterday with Sumitomo Chemical of Japan, but it has one problem – no golfers on the board. "Someone is going to have to learn," says chief executive Bill Castell, whose Japanese counterpart has a handicap of less

But he shouldn't have too much of a problem. While the directors are golfing duffers, the group has won the UK Pharmaceutical Golf Championships for two years running. "I'm amazed," Castell adds. "I don't know when the staff get the time."

On guard

 Good news for left-leaning oldies. Tony Blair has appointed an adviser older than himself. Derek Scott, 47, who is married to Channel Four's political editor Elinor Goodman and is one of BZW's economic boffins, has taken on a job-share as Blair's

economics adviser. Scott, who will continue at BZW. is not known as one of the City's

great economics thinkers – but then who is? But he comes highly recommended by Lord Healey, Labour's last chancellor. Scott was Healey's numbers man; Healey says in his autobiography that Scott did him "yeoman service because he could argue with the Treasury without losing its confidence" Yeoman? We thought Blair was hiring praetorians. Still, they're all spear-carriers, aren't they?

Easy access

■ Who said resigning has gone out of fashion? Not in New Zealand it hasn't, where Jeff Chapman has given up his job as auditor general, following TV reports that he has defaulted on credit card payments of NZ\$23,000 (about £8,850). The serious fraud office is also looking into dealings involving up to NZ\$60,000 of audit office funds.

Chapman was responsible for scrutinising the financial statements of government departments, local authorities and most government-controlled corporations, boards and companies. All over New Zealand. the sound of calculators can be heard, clicking late into the night,

Virgin pickle

■ First Virgin vodka, now Virgin cola. Virgin nuts can't be far behind. Virgin on the ridiculous obviously beckons.

FINANCIAL TIMES

Wednesday October 12 1994



Germany's engineering union claims 6% rise for 3.8m workers

By Quentin Peel in Bonn

The German engineering workers' union IG Metall called yesterday for a 6 per cent pay rise next year, and flatly rejected any attempt by employers to delay the introduction of a 35-

Mr Klaus Zwickel, the union's leader, said the claim was justified by the gathering economic recovery, rising productivity after mass redundancies over the past two years and the need to give further stimulation to consumer demand.

The demand was immediately condemned by the engineering employers as "illusory", and as the wrong signal for the forthcoming pay round. The employers want the 35-hour week - due to be introduced from next October - to be renegotiated in order to keep down costs in Germany's most important export industry.

Leading software companies are

offering rewards of up to £2,500

(\$3,950) to informers prepared to

expose companies in the UK ille-

gally copying software, in a

crackdown on piracy estimated

to be costing them nearly \$500m

The British are law-abiding

compared with the French and

Spanish when it comes to soft-

ware piracy in Europe, according

to the Business Software Alliance

(BSA), which represents such

software groups as Microsoft,

It claims Spanish companies

pay for hardly any of the soft-

ware they use, with the piracy

rate - in the form of applications

copied illegally - equal last year

to 88 per cent of software con-

France, it says, has a piracy

rate of 66 per cent of consump-

tion, while in Britain the rate is

By Andrew Adonis

last year.

Novell and Lotus.

The 6 per cent pay claim, which affects some 3.8m workers in the industry, is based on forecasts by IG Metall of consumer price inflation next year of 2.5 per cent, and productivity growth of 3.5 per cent. It amounts to a recommendation to all the union's regional branches, which then submit their own precise claims and negotiate with the

employers.

Mr Zwickel defended the proposed rise as an important way of stimulating the economic recovery and boosting consumer spending. "People who have suffered from three years of net reductions in their income have simply postponed their plans to buy new cars, refrigerators, and washing machines for longer and

longer," he said.
"The greatest brake on our economic recovery is [the lack of] private consumption. A significant increase in wages would

Software companies offer

rewards to combat piracy

and Switzerland having better

records in the European league.

Italy used to be a piracy black spot, but the BSA says it is

reforming. Its piracy rate has

dropped sharply - to 50 per cent

last year from 86 per cent in 1992.

The BSA attributes the change to

Piracy rates are calculated by comparing hardware sales and

average software consumption

To counter piracy in the UK,

It is encouraging staff to phone

a piracy hotline if they believe

their company is using illegally

copied software. With only a tiny

number of successful prosecu-

tions so far, it hopes that rewards

will have the same impact in the

IIK as in Australia where

their introduction to encourage

informers led to six successful

the BSA is offering rewards for

information leading to successful

against payments for software.

new copyright legislation.

support internal demand, secure existing jobs and create new

His argument was rejected by Mr Dieter Kirchner, chief executive of Gesamtmetall, the engineering employers' federation, who insisted that cost cutting remained the employers' highest priority in order to save jobs in

The claim also became election campaign material, with Mr Günter Rexrodt, the Free Democratic party economics minister, saying flexible hours should have precedence over wage rises to promote Germany's industrial competi-

However, the need to stimulate domestic demand is a plank of the election platform of the opposition Social Democratic party.

Mr Zwickel insisted that the present trend towards shorter working hours must be maintained in order to create the

Mr Evan Cox, BSA's European

counsel, said: "Software theft

continues to plague the industry; the software crimeline is going to

Piracy in Europe is far lower

than in parts of the world with

lax copyright or enforcement

rules. According to the alliance,

four countries had a 99 per cent piracy rate last year. Indonesia,

Thailand, Pakistan and the

The passage in 1992 of an EU

software directive designed to

outlaw software piracy has led to

the tightening up of copyright

laws in many European coun-

tries. But policing the copying of

software remains a significant

The BSA says that in North

the figure was

America the industry lost \$1.6bm

last year through piracy. In Asia losses totalled £2.6bn while in

hit thieves very hard."

United Arab Emirates.

problem for suppliers.

opportunity for more jobs. For that reason he rejected the employers' move to reopen the debate on the 35-hour week, which was won by IG Metall after a seven-week strike in 1984.

That strike secured the union a staged move to a 35-hour week and has reduced the working week progressively from 40 hours

In spite of the confrontational tone of the union and employers statements, there is considerable common ground between them. Both stress the need to preserve existing jobs, and both are likely to maintain the deal on flexible cuts in working hours, without full wage compensation.

Mr Zwickel said that far from slowing down, the reduction in jobs in the engineering industry was still continuing, with total employment in the second quarter of the year down 7.1 per cent compared with 1993.

Tories split over Europe

Continued from Page 1

ministers - including in the cabi-net Mr Michael Portillo, Mr Peter Lilley and Mr John Redwood are understood to believe that Britain should not accept any further integration at the 1996

Speaking at a fringe meeting organised by the right-wing Selsdon Group, Mr Lamont said he was not advocating immediate withdrawal. But he added: "Britain is on a collision course unless we find a means of resolving the different aspirations".

He suggested that at the 1996 conference Britain should opt for one of three alternative strategies: declaring it would accept no further moves towards a federal Europe; opting for membership of the European Economic Area rather than the Union; or negotiating an outer tier of EU mem-

Chrysler cruises ahead

THE LEX COLUMN

Of the big three US car manufacturers. Chrysler was the one deemed most likely to collapse during the last recession. But the company was so successful in responding to the crisis that it quickly evolved into investors' favoured stock in the sector. Its shares have outperformed the market by a factor of three in so many years, and the automotive sector by

100 per cent. The out-performance of Chrysler's shares, along with that of Ford and General Motors, came to a halt early this year, since then the shares have fallen back sharply amid worries about rising interest rates and the scale of recovery in the US car market. Yesterday's record third quarter results from Chrysler reflect the impact of good luck and good manage-ment - good luck because Chrysler is traditionally strong in the buoyant sports utility segment of the market, good management because of the group's success in introducing new models such as the Neon and the Grand Cherokee at the right point in

The figures also raise the question as to whether the correction in US auto share prices has been premature. True, history suggests that automotive stocks should be sold well before the cyclical peak. But that peak now looks more distant than was thought earlier. Analysts now predict the turn in US car sales will not come until well into 1996. A small further increase in interest rates will hit investor sentiment, but is not likely lead to a material downturn in sales. Thus US car manufacturers look undervalued on a multiple of six times consensus earnings for next year, a discount of more than 50 per cent to the market as a whole.

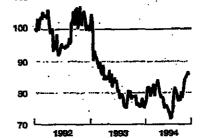
Barings

The 54 per cent jump in Barings' first quarter results prompts the question whether they must know something which a struggling Warburg does not. Perhaps the secret of success in investment banking is to eschew market-making in securities, focus on lucrative niches and steer clear of lowmargin businesses. But such a strategy has long been closed to a bank of Warburg's size. It is also easy to exaggerate Barings' triumph. The mere fact that it has had a good first half, helped incidentally by the fees from a number of one-off deals such as the 3i flotation, does not say much for the quality of its earnings.

Barings' profits have fluctuated

FT-SE Index: 3073.0 (+40.7)

Share price relative to the CAC 40 Index



wildly in recent years, from £66m in 1989 to £21m in 1992 and £100m last year. Nor is net return on capital outstanding at slightly over 20 per cent. Barings itself admits the need for a higher return to compensate for the volatility of its profits flow.

iource: FT Graphite

Here, it becomes just like any other merchant bank. It must be continuously on the look-out for new high margin business, even in the emerging markets in which it specialises, and it must remain on its guard against rising costs. Administrative expenses rose 33 per cent in the first half, which partly reflects the sunk costs of its emerging market network. Barings assumes its return will improve as that investment continues to come good. If so, its strategy will be vindicated. If not, and bond markets eventually recover, a fickle City might one day end up lavishing praise instead on Warburg for its clever skills on proprietary trading.

Amersham/Sumitomo

The logic behind yesterday's first step by Amersham towards a radiopharmaceuticals joint-venture with Sumitomo Chemical is convincing. The deal fills Amersham's strategic gap in the world's second largest mar-ket, which is expanding at 15 per cent a year. It gives the British group local manufacturing and distribution, important in Japan where physicians prefer prescribing a particular form of product that has an especially short shelf-life and so cannot be imported. Access to the fruits of Sumitomo's R&D efforts could eventually prove handy. At a maximum of 26 times historic earnings, the price does not seem

steep for a Japanese company Such deals are not easy in Japan. Amersham has limited any risks by taking particular care to smooth the venture with its established partner Chugai. The transaction is also a feather in the cap for Morgan Stanley. Investment bankers have been attempting to tie up such deals for many years. Few have succeeded.

Sam Likes

For Sumitomo, the move is good news after a run of bad. Sales of Sumiferon, its top-selling interferon, have tumbled since March when the government warned that the drug could cause severe depression and then cut the medicine's price by 19.5 per cent. The recent decisions by SmithKline Beecham, Zeneca and Upjohn to dissolve their respective joint ventures with Sumitomo have also wounded. Although Amersham's link-up is to be welcomed, it does not secure the long term future of the pharmaceuticals subsidiary. Sumitomo Chemical may be a giant, but its drugs wing remains a pharmaceuticals pigmy. Other Western companies looking to increase their presence in Japan might consider approaching the group to forge a more permanent alliance.

Sanofi

Sanofi's sale of its bio-industries and rendering businesses to Viag of Germany kills two birds with one stone. It constitutes a strategic withdrawal from a low margin activity, at a fair price of 0.9 times sales and 12.5 times operating profits. It is also a logical move following the French group's acquisition in July of Sterling Drug's pharmaceutical activities. The purpose of that transaction was to give new direction to a group whose lack of focus had been heavily penalised by investors. Management then promised to finance the purchase with asset sales; had these not taken place there would have been further damage to the group's credibility. As it is, the Sterling deal is now likely to enhance earnings by next year, as Sanofi forces through cost-savings in the area of overlap with its existing pharmaceutical business. The resulting earnings momentum should help tide Sanofi over until a new generation of promising drugs comes on stream in two to three years' time.

Viag's desire to diversify is less easy to understand. It has no existing interest in bio-industries or rendering, and one might have expected it to be busy enough digesting Bayernwerk, the recently acquired Bavarian utility.

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Games lead to Nobel prize

prosecutions.

Continued from Page 1

mathematical models. But the basic themes are relatively simple. A Nash Equilibrium, formulated by Dr Nash in 1951, defines stalemate in a "non-co-opera-

tive" game. In poker, this would mean that each player would make the same bid, even if they could see everyone else's cards, and knew what everyone else was going to bid. Nothing that a player could do would affect the other play-

Dr Harsanyi refined the concept to stretch to situations in which some players know more than others; for example, where

one person might look at another player's hand. He also pointed out that games might be expected to run more smoothly if everybody agreed on the rules at

On news of receiving the award, he said from his home in Berkeley, California: "I'm very surprised, very pleased. I'm par-ticularly pleased that the two other people who got it are peo-ple working in the same field." Dr Selten took game theory a

step further, showing how players' behaviour might change if they knew they were going to play again the next day. He also contributed the "chain-store paradox", which helps to explain

why well-known, profitable players may be willing to lose a lot of money to scare off minor competition, if it helps to stop others from trying the same

Europe

the start "It is a great day for game theory," commented Professor Richard Zeckhauser, a fellow game theoretician at Harvard University. "All three are giants in the field: they made a great contribution to defining solution

Together, the three economists have helped to show that many problems can be construed as games. Work continues on applying these techniques to real

Rouble fall

minister of finance, and fierce critic of the present administration, said:"For 10 months the government has been talking about reforms but apart from privatisation it has done nothing. The markets reflect the real situation in the country; that everything is getting worse and we have a government of mediocre and drifting

economic policy."
Mr Victor Gerashchenko, chair-

Continued from Page 1

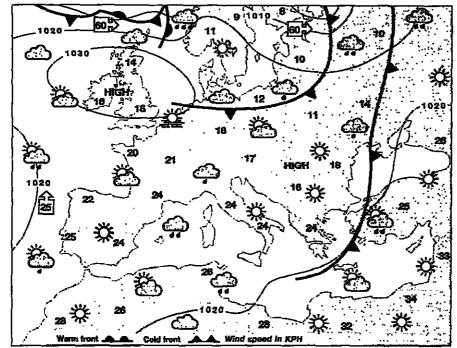
man of the central bank, rejected suggestions that the rouble might fall to 5,000-6,000 to the dollar by the end of the year and dismissed out of hand Mr Fyodorov's prediction that it would rise

Europe today

High pressure will continue to bring calm and fair weather to the British Isles, the Benefux, Germany, Poland and the Balkans. Sunshine will be plentiful, but morning fog will be common. A cold front over Finland, the Baltics and northern Poland will produce some rain and near gale westerly winds over the Gulf of Bothma. It will be rainy along the Norwegian coast as another cold front approaches from the west, it will be calmer with patchy foo in southern Scandinavia and Denmark, South-west France, the west coast of Portugal, Tunisia and western Turkey will have some rain or showers. It will be sunny where in the Mediterranean.

Five-day forecast

High pressure will continue to dominate western Europe. It will remain calm and fair over the British Isles, the Benelux, Germany and the Balkans, Depressions moving over northern Europe will lead to very unsettled and cool conditions in Scandinavia. Western Turkey will have some showers, but it will be dry and



sunny elsewhere in the Mediterranean. **TODAY'S TEMPERATURES** Caracas Cardifi Casabian Chicago Cologno Dakor Dalias Dethi Dubai Dublin Dublin Dublin cloudy
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Kleinwort Benson Securities Limited

Application has been made to the London Stock Exchange for all the shares of common stock of Y50,000 par value each in Nippon Telegraph and Telephone Corporation to be admitted to the Official List. The number of authorised shares of common stock is 62,400,000, of which 15,600,000 were in issue on 30th September, 1994. It is expected that dealings in the shares of Nippon Telegraph and Telephone Corporation will commence at 8.30 a.m. on 12th October, 1994. The shares of Nippon Telegraph and Telephone Corporation are already listed in Japan on the Tokyo Stock Exchange and on the stock exchanges of Osaka, Nagoya, Kyoto, Hiroshima, Fukuoka, Niigata and Sapporo, and in the United States of America in ADR form on the New York Stock Exchange.

Listing Particulars relating to Nippon Telegraph and Telephone Corporation are available from the Company Announcements Office, London Stock Exchange, London Stock Exchange Tower, Old Broad Street, London, EC2N 1HP, up to and including 14th October, 1994. Copies of the Listing Particulars will also be available during normal business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 26th October, 1994

> S.G. Warburg Securities Ltd. 1 Finsbury Avenue, London, EC2M 2PA

Barclays de Zoete Wedd Limited Ebbgate House, 2 Swan Lane. London, EC4R 3TS

Kleinwort Benson Securities Limited 20 Fenchurch Street, London, EC3P 3DB

12th October, 1994

Wednesday October 12 1994



WORD PROCESSORS PRINTERS COMPUTERS

IN BRIEF

Amersham takes Japanese stake

Amersham International yesterday took a stride towards becoming a global healthcare business by paying Y8.52bn (\$85m) for a 22 per cent stake in Nihon Medi+Physics, Japan's largest manufacturer of "nuclear medicines". Page 24

US hospital group to pay \$2hn for rival National Medical Enterprises, one of the biggest US hospital groups, is to pay nearly \$2hn in cash and stock for American Medical, another large hospital chain. The deal comes just a week after National Medical lost out to Columbia/HCA, the US's biggest hospital company, in a \$3.50n bidding war for HealthTrust, which owns 116 hospitals. Page 20

UAP profits fali 22% Union des Assurances de Paris, one of France's largest insurance groups, yesterday reported consolidated profits down 22 per cent to FFr853m (\$161.55m) in the first six months of the year. The figures included a substantial charge triggered by a jump in goodwill amortisation

Europe lags US in M&A recovery Merger and acquisition activity in Europe fell in the third quarter of this year to the lowest level this decade, although there was a sharp upturn in the US, according to Securities Data, a leading compiler of league tables of investment banks. Page 20

News Corp to modify status of new shares Mr Rupert Murdoch's News Corporation has bowed to investor pressure and agreed to modify its plan for a one-for-two issue of limited voting preference shares. Page 21

Kvaemer lowers forecasts

Kværner, Norway's second largest stock marketlisted company, warned vesterday that losses on a project by the oil and gas division, along with restructuring costs, would damage profits for the first eight months of this year. Page 20

International Paper posts 47% increase The strength of the upswing in the US paper cycle was underlined yesterday by a 47 per cent jump in third-quarter net earnings at International Paper, the world's largest paper company. Page 20

Cellular phones help Motorola rise 50% Worldwide demand for cellular telephones helped to boost Motorola's sales and earnings to record levels for the third quarter and year to date. Page 22

Sanyo Securities plans Y20bn rights issue Sanyo Securities, the troubled Japanese broker, yesterday announced it would raise Y20bn (\$198m) through a rights issue to its three leading creditor banks - Nippon Credit Bank, Bank of Tokyo and Daiwa Bank - and Nomura Securities, its largest sharebolder. Page 22

Intel calls on AMD to stop chip shipments intel has called on rival Advanced Micro Devices to halt shipments of the microprocessor chips it sells to personal computer manufacturers. The move fol-lows a US court ruling that a small element of the "microcode" contained in AMD's 486 microprocessors infringes intel copyright. Page 22

Companies in this issue

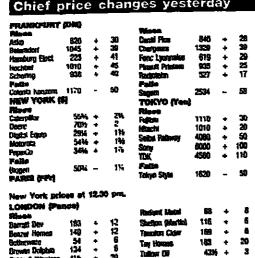
Amersham initi Apple Computer Badgerline Bajej Auto Barings Bass Beckman (A) British Aeròspace Cable & Wireless Chryster Commercial Union Coutts Domnick Hunter Durbins Coaches Eastern Group Elf Sanofi GFSA General Accident Générale des Eaux Goldsmiths Goodman Inti Groupe Chez Gérard Honda

26 Kvaemer 20 Lendu 24 Marks and Spencer 24 Marks and Spe 22 Media General 24 Ming Pao 36 Motorola 26 NB Smaller 21 NEC 22, 16 20 21 12 Nat. Medical Enterp. 26 News Corp 20 Pechiney 20 Pechiney
24 Pentos
22 PepsiCo
35 Petro Canada
19 Proctar & Gamble
36 Relainace Inda
12 Ser. Warburg
12 Sarry Securities
26 Sappi
26 Saudi American Bank
19 Securities Data
24 Siemens
22 Sinclair (William)
21 Southwestern Bell 21 Southwe 36 St Ives 20 Stora 25 TLG Thorntons 12 Throgmorton Dual 36 Tiphook 26 VSEL

Market Statistics

Foreign exchange Gills prices Liffe equity options London share service London tradi options Bond lutures and options Bond prices and yields Commodities prices Dividends announced, UK Managed funds service EMS currency rates Money markets Eurobond Orices New ind bond issues Recent issees, UK Short-term int rates FT-A World Indices
FT Gold Mines index US Interest rates World Stock Markets FT/SMA intl bond svc FT-SE Actuaries Indices

Chief price changes yesterday



For a wealthier business and a healthier life

els for some time.

Barings bucks the

first-half advance

trend with 54%

cing its position as the most

money market and fixed income

dealing income, which fell at

other banks, grew 16 per cent to

£63.5m. The company suffered relatively little because its main

securities broking business is in

Asia rather than North America

Mr Andrew Tuckey, chairman

of Baring Brothers, the merchant bank subsidiary, described Bar-

ings' involvement in bonds.

"specialised and modest". Dillon

Read, the US investment bank of

which the group owns 40 per

cent, produced lower profits in

the first half but Barings said the

performance was significantly better than many of its counter-

Mr Baring said Barings had

and western Europe.

parts on Wall Street.

ses bad "coped weil". Net

OTHE FINANCIAL TIMES LIMITED 1994

Recovery at smallest of US big three car groups - 'the world turned upside down' Chrysler soars to \$615m in quarter

By Richard Waters in New York

Chrysler, the smallest of the US's three big carmakers, reported a 54 per cent jump in profits for the latest quarter as demand for the company's most popular models in North America continued to outstrip supply.

The company's after-tax earnings of \$651m, or \$1.60 a share fully diluted, compared with \$423m, or \$1.04, a year before, about \$100m ahead of Wall Street

The news raised optimism about the North American car market and lifted the shares of rivals General Motors and Ford. The three are expected to report total net income of about \$2bn more than three times the level of a year ago. Chrysler said it expected

demand in the US and Canada to remain strong for the next two years, in spite of the potential dampening of consumer demand caused by the rise in US interest rates this year.

Mr Thomas Capo, treasurer, said: "We believe there has been a lot of pent-up demand in the North American car business

By Nicholas Denton In London

Barings yesterday bucked the

trend among UK merchant banks

by reporting a 54 per cent

increase in pre-tax profits from £35.5m to £54.8m (\$86.6m) in the

The advance contrasted with

the lower profits reported last

week by S.G. Warburg and sig-nalled by Hambros. Mr Peter Bar-

ing, chairman, said: "This is a

more difficult market conditions

than those of 1993." He added:

'I'm conscious that we have had

a very good 18-month period and,

life being what it is, you can't

Barings reported a strong per-formance in corporate finance, lifted by the role advising Lloyds

Bank on its proposed acquisition

of Cheltenham & Gloucester

Building Society. Income from

fees and commissions rose 47 per

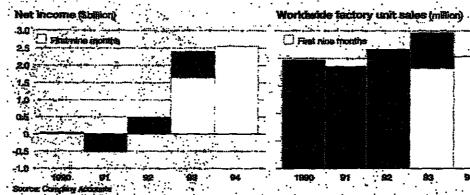
Barings, like Warburg and Hambros, described market con-

ditions as "turbulent" but said its Lex, Page 18

half year to June 30.

maintain that."

cent to £238.8m.



over the past couple of years," and that meeting this demand The third-quarter jump in profits came on the back of \$11.7bn in would sustain sales at higher levsales, up from \$9.7bn a year before. Vehicles sold rose 15 per The strong sales strengthened cent to 593,757. Due to demand, Chrysler's balance sheet, reinforthe incentives offered for each

financially secure of the big about \$600 in the second quarter three. "It's the world turned and \$775 a year ago. upside down," said Mr David The advance stems in part Healy, analyst at S.G. Warburg in from the fact that some of its newer models are category lead-ers. Its Jeep Grand Cherokee, one New York. "Three or four years ago, they [Chrysler] were the of the most sought-after weak one, and GM was the tower

erally sold out". Mr Capo said. Chrysler is adding a third shift next month to lift production. Inventory levels of the Grand Cherokee had fallen to 23 days' supply by the end of September, with fewer in dealers's showrooms, he said. Inventory of the Jeep Wrangler had slipped to 27 days and the Neon, the company's biggest-selling small car, to

vehicle sold fell to \$520, from 34 days. This compares with nor-mal inventory levels at Chrysler of 60 days for cars and 70 days for

It had \$6.6bn of cash and

The company said it would add capacity for a further 500,000 vehicles over the next year. However, since this will come mainly from adding additional shifts or retooling, it would add little to fixed costs and add only 30,000 vehicles a year to the company's break-even level.

short-term securities at the end of September, up from \$4.5bn a year ago and putting it within reach of its target of \$7.5bn.

Tiphook's main lenders drawn into US lawsuit

By Simon Davies in London

National Westminster Bank and Commerzbank, the two largest lenders to the British transport leasing group Tiphook, have been drawn into a \$700m US class action soit against the company. The lawsuit claims the banks helped to mislead US investors to enable Tiphook to raise capital to

Two former non-executive directors, Sir Charles Powell, Lady Thatcher's former foreign affairs adviser and now a non-ex-Mr Martin Kohlhaussen, Commerzbank's chairman, are also named as defendants, as representatives of those banks.

The move appears to be an attempt to achieve a larger and quicker settlement, as Tiphook's financial standing is effectively controlled by its banks.

The original legal action was filed in January on behalf of US investors who took up three tranches of bond issues between avoided markets where losses were made recently and those in mature economies where competition between market makers was tough. "I think we chose the November 1992 and April 1993, raising \$700m for the company. right things to do and avoided The named defendants included Mr Robert Montague,

founder, several executive directors, and the underwriters to the bond issues. The investors claim they were sold Tiphook bonds and shares on the basis of "mate-rially false and misleading" infor-

Sir Charles and Mr Kohlbaussen resigned "with regret" from Tiphook on March 10. Legal reasons were cited, connected to Tiphook's new bank arrangements, but there were previous potential conflicts of interest, as their banks were the prime recip-

The action claims: "Tiphook's lead lenders were represented on Tiphock's board of directors by their own senior directors and were thus aware of the true distressed condition of the company. These lenders pressured the company to repay Tiphook's bank indebtedness to these institutions with indebtedness financed by unsuspecting public investors in the United States."

An initial status and settlement conference on the case has been called for October 18, to set the timetable for the proceedings. Tiphook has consistently stated orously contested". The two banks would not comment. The bond prospectuses anticipated, among other things, easy

strong cash flows, and "the best Christmas in two years". The first signs of declining fortunes came just six days after the final prospectus, when Tiphook announced that interim profits would be 20 per cent below previ-

continued access to capital.

ously projected results. A stream of bad news then leaked out and by October 1993, it of its banking covenants.

Tiphook has made provisions to cover its legal defence, but an adverse judgment could topple the company into receivership. Mr Montague was served with a bankruptcy petition from Royal Bank of Scotland on Monday night, over a £23m (\$3.6m) loan. If made bankrupt, he would be

ineligible as a director. Mr Montague is hoping for sup-port from the bulk of his creditors to push for an Individual Voluntary Arrangement, which would schedule debt repayment, and avoid bankruptcy.

Viag buys Sanofi's additive businesses

By Daniel Green in London

Elf Sanofi, the drugs and beauty products subsidiary of French chemicals group Elf Aquitaine, yesterday took another step in a disposals programme designed to raise more than \$1bn.

The bio-industries and rendering businesses were sold to Viag, the Munich-based German industrial and energy conglomerate, for FFr4.4bn (\$830m). The businesses supply the food industry with additives such as pectin and xanthan gum.

Sanofi embarked on the disposals programme when it bought Sterling Winthrop's prescription pharmaceutical activities from Eastman Kodak for \$1.68bn in Jume. "We decided to sell all our bio-activities." said Mr Jean-François Dehecq, Sanofi's chair-

man and chief executive. Mr Jean-Claude Leroy, Sanofi finance director, said Sanofi hoped to sign agreements for the sale of its remaining bio-activities by the end of the year. It aims to raise FFr6.5bn from the sale of the portfolio.

The company is also making disposals from its beauty side, and plans to sell its 46 per cent shareholding in the Entremont cheese-making business.

Mr Leroy said Viag would pay Sanofi by December 31, so Sanofi would have to carry financing charges for the Sterling acquisi-

tion until then. The food additives business had sales in 1993 of FFr3.3bn. Sales to food manufacturers accounted for 80 per cent of reve-

nues. The rendering business. which processes 1.5m tonnes of meat and fish by-products annually, had sales of FFr1.5bn. Viag's acquisition strengthen its position in food additives and in the French market. Its new food additives division is to become part of the SKW Trostberg chemicals divi-

sion, making it the company's

ing and energy. Mr Dehecq said once the disposals were accomplished Sanofi would have completed its transition to a business with two industrial divisions - prescription pharmaceuticals and medical diagnostics, and beauty products. Sanofi shares had been suspended ahead of the company's announcement of the sale. When trading restarted the

shares rose FF13.1 to FF1241.2. Shares in Viag, which is quoted in Frankfurt, rose DM7.5 to

Barry Riley

the wrong things," he said.

Subtle benefits from a rebalancing act



grappling with the implications of the proposed UK minimum solvency standard. Over the

past few decades equities have achieved a rate of return averaging 5.5 per cent a year more than gilt-edged.

That is why the equity exposure of UK schemes has drifted up to more than 80 per cent. This makes company pension plans cheap to run, according to constitutions ventional actuarial assumptions. But the trend has exposed scheme members to greater dis-continuance risks, which have aroused political scrutiny.

So here is an interesting ques-tion. Suppose at the beginning of 1986 a pension fund with the then typical equity exposure of 74 per cent (excluding property) had decided to fix at a 50:50 mix of equities and bonds, to be rebalanced every quarter. How much worse would it have performed up to March 1994 than the typical fund which allowed its asset mix to drift with the superior performance of equities? (The drifting mix, incidentally, would have fm-ished with about 78 per cent in equities, which was in the event further lifted by 9 percentage points by eager fund managers.)

The answer, according to First Quadrant, the quantitative investment management firm, is that the 50:50 mix would have produced a slightly better return. at 14.4 per cent against 14.0 per cent, and with lower volatility. Why should a mechanistic pro-

beneficial result? The answer is ing. It might not be enough simthat the rebalancing procedure ply to blame external managers. Buying bonds will beneficial result? The answer is raise pension that the rebalancing procedure scheme costs, calacts as a counter to valuation culate actuaries distortions between the two asset classes and forces the fund to offset them. When equities become expensive relative to bonds the equities are capped, and a small profit taken. Similarly when bonds are expensive relative to equities. It is a kind of automated contrarian approach, with a ratchet-like effect.

> One problem with any contrarian approach is that it can often be uncomfortable

For quantitative managers such as First Quadrant, an offshoot of the Xerox Corporation. the approaching minimum solvency standard offers an opportunity to break into the UK pension fund market, at present domi-nated by balanced managers. Ideas such as rebalancing are common in the US but are largely ignored in the consensuschasing British market.

But British pension fund trustees have proved unreceptive to quantitative methods so far. Perhaps balanced management has taken the drifting mix further

to find excuses if they were to go wrong. The trustees might have cess such as periodical rebalancing to a benchmark have this

to confess that they had not First Quadrant Corp., London.

understood what they were buy-

What could go wrong? Take the simple question of rebalancing to a benchmark. One reason why it has worked so well since 1986 is that the extra return on equities has not been 5.5 per cent during this period, but only 2.5 per cent. That relative decline in equity return will be the subject for another article, but the point here is that the penalty for high bond exposure has been small in

recent years. Over longer periods drift has beaten rebalancing, but often not by a large margin. The obvious problem with rebalancing is that, as with any contrarian approach, it will often be uncomfortable. The fund's trustees will have to be willing to bet against the crowd for periods which may not be very long but will certainly seem so. If the return differential between equities and bonds were to widen,

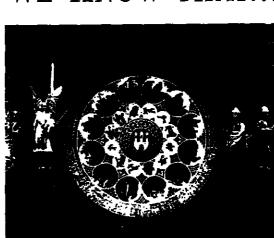
perhaps because of unanticipated inflation, the drifters would win. Finally, the capturing of profits from rebalancing depends on the existence of volatility in the relative valuations of the asset classes. Low volatility - that is, per-sistent trends - would make rebalancing costlier.

UK pension funds have to come to grips with strategies which pay attention to the liability side of their balance sheets, rather than being driven by historical returns or peer group emulation. At least First Quadrant's study

towards risk than the trustees would have wished to go, but the results have been good.

The trouble with quantitative methods is that it would be tough Rebalancing to Benchmark, by Bill Goodsall and Lisa Plaxco,

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By John Ridding in Paris

Générale des Eaux, the French utilities and communications group, yesterday announced the formation of alliances with Vodafone of the UK and South-western Bell of the US, aimed at strengthening its position in the French mobile telephone market and entering the sector in north America.

As a result of the agreements, the capital of SFR, Générale des Eaux's mobile telephone subsidiary, will be increased by about FFr3bn (\$567m). The group said it would use the resources to develop its cellular telecoms operations.

Vodafone, which already

for a direct 10 per cent holding in SFR. The transaction will involve a cash payment of FF1880m.

Southwestern Bell is to take a 10 per cent stake in Cofira. It will do this through the purchase of a 22 per cent stake in a holding company which will control Cofira. Générale des Eaux will hold the balance of the shares.

The French company declined to specify the amount involved in the investment, but said it was larger than the new investment by Vodafone.

Under the terms of the agreement, Générale des Eaux will take a 10 per cent stake in the holds a 4 per cent stake in radio telephone franchises

Cofira, the holding company of operated by Southwestern Bell SFR, will exchange its stake in the Washington and Baltimore regions of the US. The agreements reflect the desire by Mr Guy Dejouany, chairman of Générale des

Eaux, to find industrial allies in its mobile telecoms activities. Earlier this year he told shareholders he was seeking the formation of partnerships with foreign telecoms operators with substantial financial and technological resources. Mr Dejouany's motives are partly based on the increased

competition in the French mobile telephones market. Last week, the government announced the award of a third mobile telephones licence aimed at stimulating the French mobile phone market.

Pechiney sets sights on cutting debt

the biggest US hospital groups, is to

pay nearly \$2bn in cash and stock for

American Medical, another large hospi-

The deal comes just a week after

National Medical lost out to Columbia/

HCA, the US's biggest hospital com-

pany, in a \$3.5bn bidding war for

HealthTrust, which owns 116 hospitals.

The purchase of American Medical, if

completed, will leave National Medical

By David Buchan In Paris

tal chain.

Pechiney, the French state-controlled metals group. plans to reduce its debt "sharply and rapidly", partly through assets sales, in the hope of being privatised after the end of 1995, Mr Jean-Pierre Rodier, the new president, said yesterday.

Mr Rodier told the Tribune Desfossés, the French newspa per, that after two months in his post he had started a detailed study of what Pechiney might sell to reduce its FFr20bn (\$3.8bn) debt. "The problem is not so much selling assets as choosing well what you want to keep," he said.

The newspaper raised the possibility of Pechiney selling Howmet, its US aircraft and engine components subsidiary. either through a stock market flotation or a management buy-out. Mr Rodier, however, stressed that no decision had

been taken. Mr Rodier's background is in the non-ferrous metals industry, most recently with Union Miniére of Belgium, and he said he could not imagine

pick-up in world demand and prices for aluminium, due in large part to joint action by Western and Russian producers to cut back output

He also reaffirmed the \$1bn plan of Pechiney, along with Bechtel of the US and Morgan Grenfell, the British bank, to modernise Russian aluminium factories.

in the merged Columbia/HCA and HealthTrust.

National Medical Enterprises, one of The proposed acquisition comes a vear after National Medical was almost brought to its knees by allegations of fraud and abuse of patients in its psychiatric hospitals, which have since

The deal, which echoes the three multi-billion-dollar takeovers engineered by Columbia/HCA in the past 18 months, is intended in part to reduce costs by increasing the enlarged group's with 71 large acute-care hospitals and annual sales which it predicts next year bargaining power with hospital supply a sign companies. It also reflects the growing overs.

will reach \$5.3bn, compared with \$15bn importance of large institutional buyers of healthcare, such as health maintenance organisations.

National Medical is paying \$1.46bn in cash, and stock valued yesterday at \$496m. The cash will come from bank borrowing and a bond issue, the company said.

Donaldson Lufkin & Jenrette, the Wall Street firm, has supplied the company with a letter stating that it is "highly confident" it can raise the bond finance - a technique common in the 1980s, when junk bond finance became a significant element in many take-

US hospital group to pay \$2bn for rival emerged as a tool in US takeovers this year, most notably in the \$2.7bn agreed offer by Conseco, an insurer, for financial services group Kemper, which was supported by a "highly confident" letter from Morgan Stanley.

That financing, however, has looked increasingly shaky in recent weeks. Conseco, at first said it would finance a larger part of the bid by selling assets. so reducing the junk bond portion. However, last week it filed to issue convertible bonds, a move taken as a sign the asset sales were not proceeding

VSEL set to agree BAe deal

By Bernard Gray in London

The agreed takeover of the submarine maker VSEL by British Aerospace is likely to be concluded this week. Barring any last-minute hitch. VSEL's board will recommend that its shareholders accept an offer of BAe shares valuing

VSEL at about £12.50 a share. General Electric Company of the UK, the other potential bidder for the shipbuilding company, has not said whether it intends to counter BAe's paper offer with an alternative cash bid. GEC had previously considered buying VSEL and decided not to bid.

ownership of the Yarrow shipyard on the Clyde would provoke competition concerns from the UK Ministry of Defence. A bid by BAe, which does not own a vard, is not thought to raise such concerns. Almost one-third of VSEL's

shares are held by specialist high-income funds. Some City of London observers think the BAe all-share offer might include a high-yield bond which would be convertible to BAe shares as a partial alternative to encourage the income funds to accept the deal. The maximum City of London observers expect BAe to

It is understood that GEC's have offered is three BAe wenership of the Yarrow ship-shares for each VSEL share, though the company may offer slightly less. The deal will involve increasing the number of BAe shares in issue by a

VSEL had a cash pile of £325m (\$513m) at March 31 this year, some £240m of which was the company's own money and the balance advance payments from the MoD for work in prog-

The total cash equates to 850p a share, of which the company's own funds account for 640p a share. The cash pile would all but eliminate BAe's debt at June 30 of £367m.

pany had earlier forecast prof-

Pechiney "without a significant activity in aluminium". He welcomed the recent

The division plunged into an operating loss of NKr3m in the period after a profit of

Sharp fall in Europe's M&A activity

By Nicholas Denton

Merger and acquisition activity in Europe fell in the third quarter of this year to the lowest level this decade, although there was a sharp upturn in the US, according to Securities Data, a leading compiler of league tables of investment

The total value of transactions in Europe dropped to \$21bn in the three months to September, representing a 35 per cent decline on the quarterly average in 1993. Outside the US, activity dipped to \$35.5bn, the lowest since

A stagnant corporate takeover market in Europe contrasts sharply with the US, where economic recovery pushed M&A volume up 33 per cent to \$236.6bn in the first three quarters of yet," a US investment banker

is in the US is not in Europe

The figures show that M&A activity has been slow to recover in spite of renewed economic growth in Europe. However, investment banks in London are adding staff in their corporate advisory

deals as companies which have weathered the recession look again at expansion. M&A deals in sectors such as health care, automotive components, telecommunications, financial services and chemicals. Another impetus could come

report a healthy "pipeline" of

Value of completed mergers & acquisitions (\$bn) (First three quarters) 328 0 370.2

The league tables of activity and advisers cover completed deals, which can lag announcements by several months and

initial approaches by even lon-Most investment banks markets, headed the league

departments in anticipation of a revival in activity. from financial investors such as Glenisia, a takeover fund set up with backing from investors

Kohlberg Kravis Roberts. S.G. Warburg, the UK investment bank which issued a profit warning last week after setbacks in bond and equity

table of advisers on European M&A, as it did in Securities Data's 1993 report. Warburg advised on 43 deals worth \$13.6bn in the first three quarters, giving it market

share of 16.5 per cent. The UK house advised Banco Santander of Spain on its \$2.4bn acquisition of Banesto and on 3 the merger between Akzo, the Netherlands chemical company, and Nobel Industrie of

Warburg was placed behind two US investment banks in the most recent league table of advisers on European crossborder transactions drawn up by Acquisitions Monthly, the other big compiler of M&A

While the precise rankings vary depending on the criteria, Warburg and US investment banks Morgan Stanley and Goldman Sachs usually lead the pan-European tables.

Kvaerner warns of lower profits

By Karen Fossii in Osio

Kvaerner, Norway's second largest stock market-listed company, warned yesterday that losses on a project by the oil and gas division, along with restructuring costs, would damage profits for the first eight months of this year. Profits for the full year

would also decline, it said. It expects the oil and gas division to incur a loss of about NKr200m (\$29.8m) for the first eight months, and losses of the same order for

1994, because of losses on deliveries to the Troll oil project and restructuring costs of the

substantial loss already reported by the group on its deliveries to the Troll oil platform in the Norwegian North

Tonseth, said this implied a weaker 1994 result for the group as a whole. Last time. profits before unrealised foreign currency items and tax reached NKrl.5bn. The com-

its for 1994 at the same level as the year before.

Kvaerner is due on Friday to "This result partly reflects a report full figures for the first eight months. In the first four months of the year, the group boosted pre-tax profits by 36 per cent to NKr590m. However, Sea," it said. the oil and gas division saw Kvaerner, headed by Mr Erik pre-tax profits cut by more than half, to NKr57m from

NKr135m. NKr116m a year earlier.

International Paper earnings rise 47% meant that the company was ciality products division, a

By Tony Jackson in New York

The strength of the upswing in the US paper cycle was underlined yesterday by a 47 per cent jump in third quarter net earnings at International Paper, the world's largest

Mr John Georges, chairman, said he expected even stronger earnings in the fourth quarter. and added: "We believe that we will see even more robust growth in 1995."

Mr Georges said the economic upturn in the US. Europe and the Pacific Rim

experiencing higher prices and greater demand for all its prod-

"As the worldwide economies improve, we expect demand for paper and packaging products to grow faster than the industry's manufacturing capacity," he said.

Earnings were up in packaging and board and remained at a high level in forest products. Printing papers were in profit for the first time in two years. helped by a very strong market for pulp and a sharp recovery in Europe. However, profits were down in the group's specatch-all category which ranges from oil and chemicals to llford photographic film.

Group sales in the quarter were up 11 per cent at \$3.79bn. with the strongest rises in printing papers (up 19 per cent) and packaging (up 13 per cent). The slowest sales growth came in forest products (up 4 per cent), which had recovered earlier in the cycle.

Pre-tax profits were up 40 per cent in the quarter to \$167m. bringing the nine-month increase to 20 per cent. Earnings per share were up

47 per cent at 87 cents for the

quarter - the highest figure since the second quarter of 1992, but still well below the levels reached in the last cycli cal peak.

The figures further contributed to a feeling of optimism in the US paper industry created by Scott Paper's \$1.6bn sale of its S.D. Warren subsidiary to Sappi of South Africa on Monday. Analysts had commented that Scott's success in selling the business would be a test of confidence in the sector's out

International Paper's shares rose \$% to \$78% in early trad-

TENDER NOTICE

ECU TREASURY NOTES For tender on 18 October 1994

1. The Bank of England announces the sale by tender on behalf of Her Majesty's Treasury of up to ECU 500 million nominal and not less than ECU 250 million nominal of UK Government ECU Treasury Notes. These Notes will add to the ECU 1,000 million nominal of the same security sold by the tender on 18 January 1994, the ECU 500 million nominal sold by tender on 19 April 1994 and the ECU 500 million nominal sold by tender on 19 July 1994. The tender will be held on a bid-yield basis on Tuesday, 18 October 1994.

The ECU Notes to be sold by tender will be dated as of 21 January 1994 and will mature on 21 January 1997. 3. Notes will bear an annual coupon of 5.25% payable on 21 January, starting on 21 January 1995. Payment for Notes allotted in the tender will be due on 25 October 1994; the amount payable will include 274 days accrued 4. All tenders must be made on the printed application

completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on 18 October 1994. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum

must be in multiples of ECU 100,000 nominal. 6. Tenders must be made on a yield basis (calculated on the basis of a month of 30 days and a year of 360 days) rounded to two decimal places. Each application form must state the yield bid and the amount tendered

Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Notes in global form to their account with ESO, Euroclear or CEDEL, Notes will be credited in the Euroclear or CEDEL, Notes will be credited in the relevant systems against payment. For applicants who have requested definitive Notes, Notes will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on 25 October 1994 provided cleared funds have been credited to the Bank of England's ECU Treasury Notes Account No. 59045828 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Notes will be available in amounts of ECU 1,000, ECU 10,000, ECU 100,000, and ECU 1,000,000 nominal.

8. Her Majesty's Treasury reserve the right to reject any or part of any tender.

9. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Note programme issued by the Bank of England on behalf of Her Majesty's Treasury on 9 January 1992. All tenders will be subject to the provisions of the Information Memorandum and to the

provisions of this notice. 10. In addition to the Notes being offered for sale by tender, a further ECU 25 million to ECU 50 million nominal of Notes (depending on the actual nominal amount of Notes sold in the tender) will be issued and retained by the Bank of England for the account of the Exchange Equalisation Account. These additional Notes will be added to the Bank's holdings of Notes which may be made available for sale and repurchase operations with the market makers listed in the Information

Copies of the Information Memorandum may be obtained at the Bank of England. UK Government ECU Treasury Notes are issued under the National Loans Act

Bank of England 11 October 1994

egual to

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Loughard Vorth General PLC. Banking Services Department 1515.

ually to earn interest on interest. For example \$91,000 depo 5 years becomes 272,525 equivalent to 9 05% pargress. Gross rates assume no deduction of basic rate tax. Rates correct at time of going to press but may change. As these are fixed term accounts withdrawals before maturity are not permutted. We assume that all our customers have complied with local regulations when sending funds to Lombard for deposit. All of these securities having been sold, this announcement appears as a matter of record only.

October 1994

10,000,000 Shares



Giant Cement Holding, Inc.



Common Stock

2,000,000 Shares

PaineWebber International

This tranche was offered outside the United States and Canada.

8,000,000 Shares PaineWebber Incorporated

Bear, Stearns & Co. Inc. Dean Witter Reynolds Inc. Donaldson, Lufkin & Jenrette

Dillon, Read & Co. Inc. Goldman, Sachs & Co.

Merrill Lynch & Co. S.G. Warburg & Co. Inc.

Ladenburg, Thalmann & Co. Inc.

Kidder, Peabody & Co.

First Albany Corporation

L.H. Friend, Weinress & Frankson, Inc.

Janney Montgomery Scott Inc. Kemper Securities, Inc.

Rauscher Pierce Refsnes, Inc. The Robinson-Humphrey Company, Inc.

First Analysis Securities Corporation

Gabelli & Company, Inc. Interstate/Johnson Lane

Parker/Hunter Pryor, McClendon, Counts & Co., Inc.

A.G. Edwards & Sons, Inc. Lazard Frères & Co.

Lehman Brothers Smith Barney Inc.

McDonald & Company Raymond James & Associates, Inc.

Sutro & Co. Incorporated

First Equity Corporation Gordon, Haskett Capital Corporation

C.L. King & Associates, Inc. Pennsylvania Merchant Group Ltd **Unterberg Harris**

This tranche was offered in the United States and Canada.

William KA

INTERNATIONAL COMPANIES AND FINANCE

News Corp to modify status of new shares

By Bruce Jacques in Sydney

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Mr Rupert Murdoch's News Corporation has bowed to investor pressure and agreed to modify its plan for a one-fortwo issue of limited voting preference shares.

News directors announced yesterday that the international media company would proceed with the issue but make two important alterations to the status of the proposed new shares. The changes, to be put to shareholders by January 1995, provide that:

• The new preference shares would receive a dividend premium of at least 20 per cent over the company's ordinary

 The new shares would participate, on dividend for ordinary shares. the same basis as ordinary shares, in any takeover bid for the company. Directors said the changes would be of comments from the investment community since the preference share issue

was announced on September 30. They pointed out that the new preference shares would carry an annual divi-dend of 7.5 Australian cents, and the proposed 20 per cent premium would therefore not take effect until the ordinary dividend reached 6.25 cents a

There was "no present intention" of increasing the 3 cents-a share annual

The proposed new articles will also build in a protection if any takeover failed to include the new preference inserted in the company's articles of shares. In this event, any ordinary association, and followed consideration shares acquired would automatically convert to preferred limited voting ordi-

nary shares. The alterations help to address the main concerns of News' institutional shareholders, some of whom perceived the new issue as a way for Mr Murdoch to entrench his control over the company. Others were more concerned that the preference issue might preface a large acquisition with consequent dilution of News earnings.

News shares slid following the

"Though wages have risen

here, they are still low com-

pared with Germany or the US

and are an important factor in

our operations," says Mr Lucck. "But the character of

the semiconductor industry is

changing. Now cost is not so

crucial. The most important thing is innovation and being

first - then you make your

own price. You can also then

achieve cost advantages

through volume and quickly

recoup your costs - in order to

invest in the next cycle of the

industry."
Accumulated investment in

Singapore by Siemens is put at

DM450m. Siemens also has two

preference issue announcement last month, hitting a low of A\$7.72 on Australian stock exchanges, before recovering yesterday to close at A\$8.27.

The initial price fall served as a warning that the proposed new preference shares could trade at a significant discount to the ordinaries, threatening to limit the size of future capital raisings

By guaranteeing a higher dividend and allowing the new shares to participate in any control premium for the company, News directors have provided encouragement for the preference shares to be priced closer to their ordinary counterparts, in spite of their

Aided by a Singapore govern-ment grant, Siemens is open-ing an integrated circuit design

centre linked to a similar facil-

ity at headquarters in Munich. When Munich sleeps, the

design centre can take over,

the semiconductor industry are

rapid: every three or four years

a new generation of chips

comes along which is far more

powerful than its predecessor. "By working round the clock

the R&D and innovation cycles

are shortened," says Mr Lueck.
"That's vital for remaining

The wafers from which the

chips are cut are flown in from

Europe. Finished chips used to

go back to Germany for test-

ing, but now that is done in

Siemens Singapore does have

its problems. Labour shortages

and job-hopping are top of the

list. About 30 per cent of the workers at the Singapore plant

travel each day from Malaysia.

For its top engineers Siemens

has had to hold recruitment

drives in the US and elsewhere

to lure talented Singaporeans

Though the semiconductor

market is buoyant, Mr Lueck

says the industry is unpredict-

Singapore and Malaysia.

competitive.

back home.

Technological advances in

NEWS DIGEST

Gannett rises 19% as advertising revenue improves

A sharp rise in advertising revenue helped Gannett, the US media group, to a 19 per cent increase in third-quarter net income to \$105.5m, writes Tony Jackson in New York. Gannett, which publishes 83 daily papers, including USA Today, said growth in newspa-per profits was fuelled by recruitment adver-

Newspaper advertising revenue was up 10 per cent in the quarter to \$521.9m, with classified advertising contributing a rise of 14 per cent and USA Today a rise of 11 per cent. Circulation revenue rose 2 per cent, and newspaper profits overall were up 10 per cent at \$187.7m on sales of \$771.3m.

Broadcasting profits were up 48 per cent at \$27.2m on revenues of \$95.2m. Gannett, which owns nine TV stations and 11 radio stations, said TV revenues were up 16 per cent and radio revenues up 15 per cent. Profits from outdoor advertising were up 25

per cent to \$7.0m, on strong local and national demand. Gannett is the biggest outdoor advertising company in the US. Group sales in the quarter were up 6 per

cent at \$932.4m. Earnings per share were up 21 per cent to a record 74 cents. The dividend was raised from 33 cents to 34 cents.

• Media General, which owns newspapers

and TV stations in the south-eastern US, said net earnings rose 57 per cent in the third quarter to \$8.0m, on sales up 5 per cent at

Bajaj Auto advances strongly at halfway

Bajaj Auto, India leading maker of motorcycles, scooters and three-wheeler auto-rickshaws, reported a 196 per cent rise in net profit to Rs1.86bn (\$43m) on a 48 per cent increase in sales to Rs10.32bn during the six months to end-September, writes Stefan Wagstyl in New

Bajaj, which is considering plans to build low-cost cars in high volumes in collaboration with a foreign partner, is due to launch a \$167m Euroequity issue later this month.

Kleinwort Benson rating upgraded by Moody's

Kleinwort Benson, the UK-based merchant bank, received a boost yesterday from Moody's Investors Service, the US credit rating agency, which said it had raised the rating on the bank's long-term deposits to A3 from Baal, writes Norma Cohen in London.

Moody's said the upgrade reflected a significant improvement in the bank's internal controis since heavy losses reported in 1990, and its decision to shed its unprofitable commercial lending activities. A strong performance in securities markets and high volumes of new issues in subsequent years had helped Kleinwort bolster its loan loss provisions. Moreover, the bank has benefited from its growing asset management business and its

ability to retain its franchise in the corporate advisory markets, the agency said.

However, the bank's relatively small size compared with its US counterparts "is increasingly likely to prove a competitive disadvan-tage", Moody's said.

Stora to invest SKr550m in upgrades

Stora of Sweden, Europe's biggest pulp

350 ----

Source: Detestreem

1993 94

300

250

and paper group, yes-terday announced new investments worth SKr550m (\$74m) to be spent over the next year on its programme of upgrading processing plants and paper-making machines. writes Hugh Carnegy in Stockholm. Most of the new investments. part of annual development spending totalling almost SKr3.5bn, will go on a new wood

processing facility at Gruvon in Sweden. The others include rebuilding a paper machine at Uetersen in Germany.
The investments will not add to Stora's overall capacity; a decision is not expected until

next year on whether the group's chief project to expand capacity - a SKr2.8bn board-making machine - will go ahead.

Saudi Hollandi Bank profits down 25%

Saudi Hollandi Bank, which is 40 per cent owned by ABN Amro Bank of the Netherlands, reported net profit for the first nine months of 1994 of SR101.6m (\$27m), down 25 per cent from the SR135.6m recorded in the same period last year, AP-DJ reports from Manama.

The bank said there was a loss in investments of SR16.5m during the 1994 period, compared with a gain of SR60.4m last year. Operating revenues were up 30 per cent at SR740.4m, while operating expenses were 27 per cent higher at SR622.3m.

The Saudi American Bank, which is 30 per cent owned by Citibank of the US, posted a 14 per cent increase in net income in the first three quarters of 1994, the bank said in a statement yesterday.

Net income rose to SR784.26m during the nine months from SR690.57m a year-earlier.

Petro Canada sale

Petro Canada, the country's second biggest integrated oil company, has sold a package of of British Columbia natural gas properties to Sceptre Resources, an upstream producer, for C\$21.25m (US\$xxm) and a share of future production and profits, writes Robert Gibbens in

Siemens' dream factory in Singapore

r Hartmut Lueck, managing director of the Siemens semiconductor plant in Singapore, has the sort of problem many of the world's industrialists dream about. His factory is working round the clock, every day of the year, yet it still cannot produce enough to satisfy

demand. "A few years ago neither Siemens nor anyone else realised how big the demand for semiconductors would be," says Mr. Lueck. "Take the use of semiconductors in mobile phones. When mobile phones first appeared we thought they would be used mainly by businesspeople and professionals. Now - in this region at least they have virtually become a

piece of costume jewellery." Siemens first established an electronics factory in Singapore in 1970. Now it employs 1,600 people at a new components plant capable of turning out more than 300m semiconductors a year. Singapore serves as the base for Siemen components sales in the Asia Pacific region.

Like many other companies, Siemens is increasingly focusing on the region as the area of future large-scale sales growth. Later this month the entire board will be flying to Singapore for the first board meeting to be held outside Germany in the company's 147-year history.

For Siemens as a whole, the Asia-Pacific countries stretching from Pakistan to Australia - represent one of the world's most promising growth regions. The group's business there has been growing at double-digit percentage called this "a very good

The island republic is the base for German group's sales in Asia-Pacific region, reports Kieran Cooke

rates and is expected in a few with the world chip market years to be as large as that in the US, accounting for some 15 per cent of turnover.

As a provider of complete energy, transport and telecommunications systems, Siemens alms to play an expanding role in the economic growth of Asia.

The group's order volume in east and south-east Asia rose by 50 per cent to DM5.4bn (\$3.5bn) in the financial year to end-September 1993; worldwide orders totalled DM84bn. In its last annual report, the group described south-east Asia as "an extraordinarily dynamic" electrical and electronics market

In volume terms. Siemens does not compete with the world's biggest semiconductors manufacturers such as NEC of Japan and Intel of the US. But

Siemens has reached the

break-even level in its semi-

conductor operations a year

ahead of schedule as a result

of the improved economic situ-

ation in Europe and its own

cost-cutting programme, writes Andrew Fisher in

Frankfurt. These activities

have previously involved the

group in heavy losses and

restructuring costs.
Mr Jürgen Knorr, director of

the semiconductor division,

forecast to grow by between 50 per cent and 100 per cent by the end of the decade, Siemens Singapore is confident that business will continue to expand.

Last year sales from Siemens Singapore operations reached nearly DM800m - a rise of more than 50 per cent on the 19**92** figure. This year sales have already exceeded DM1bn, fuelled by

growth in the region's telecom-

munications industry, particu-

larly in China. r Lueck feels his company has some advantages over competitors. Siemens started its Singapore factory in the

result" with new orders

exceeding DM3bn (\$1.9bn) in

the year to September 30 1994, after DM2.6bn the previous

vest. He said the outlook for

1994-95 was very positive. Sie-

mens expected to match

growth in the semiconductor

market, likely to be between

In south-east Asia and the

US, the computer chip market should grow at twice this rate,

he added. Investments in both

areas would be increased, with

13 and 15 per cent.

other regional plants, both in neighbouring Malaysia, which together employ nearly 4,000 1970s, in order to benefit from people. "It's very important to be based in the region you are the island republic's low selling to," says Mr Lueck. Chip operations break even a year early

> a wafer plant in south-east Asia a possibility; Siemens currently makes wafers (used in semiconductor production) in Germany, France and Austria. Mr Knorr said the world semiconductor market should total about \$77bn this year

He said memory chips were the biggest part of Siemens' semiconductor business, with application specific chips close behind; each accounted for about DM1bn of turnover.

able. "It's a yo-yo industry almost overnight you can go from chronic shortages to overcapacity. You always have to be flexible and ready to adapt to change. "But in this region at least the trend seem to be on an upward curve, with sales likely

and nearly \$100bn next year.

to rise by between 18 and 20 per cent each year. For the time being it's not too bad."



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NEXT PUBLIC AUCTIONS

The Privatization Comitee of Pesca Peru announces that in the near future will proceed with the selling in Public Auction of the stock shares correspondent to the first five affiliated enterprises:

PESCA PERU-CHICAMA S.A., PESCA PERU-CHIMBOTE CENTRO S.A., PESCA PERU MOLLENDO S.A., PESCA PERU LA PLANCHADA S.A. and PESCA PERU ATICO S.A.

Official publication of the auctions will take effect on Oct. 15 and 29, Nov. 12 and 26. The last date for La Planchada and Atico.

For general information, call the office of The Privatization Comitee of Pesca Peru. located in the main building of Petroperu S.A., Paseo de La Republica Av. Nº 3361 first floor, San Isidro, Lima 27.

Telephones: (5114) 425000, ext. 4945 - 4946, Telefax (5114) 425420, (5114) 333725.

Lima, October 1994

Annual General Meeting of Securitas AB in Sweden

Montreal.

reholders in Securitas AB are hereby invited to attend the Annual General Meeting to be held at 9.00am on Friday 28th October, 1994, at Securitas, Lindhagensplan 70, Stockholm.

NOTIFICATION ETC

Shareholders wishing to participate in the Annual General Meeting must be registered in the share register maintained by Vandepappersoentralen VPC AB ("VPC", the Swedish Securities Register Centre) not later than Tuesday, 18th October, 1994 and must notify their intention to attend the Meeting not later than 4pm on 25th October, 1994 to the following address: Securities AB, P O Box 12307, S-102 28 Stockholm, Sweden, or by telephone to: Int +46-8 657 74 00. Proxies shall be presented to the Company prior to the Meeting.

To be entitled to participate in the Annual General Meeting, shareholders whose shares are registered in the name of a trustee, through a bank or other institution serving as trustee, should request that the shares are temporarily re-registered in their own name in the share register. Shareholders must inform the trustee of such intentions in good time before Tuesday, 18th October, 1994.

siness that, under law and pursuant to the Articles of Association, must be addressed at the Annual General Meeting, including the presentation of the Annual Report and the Auditor's Report as well as the Consolidated Accounts and the Auditor's Report for the Group, resolutions concerning the adoption of the Balance Sheets and Income Statement and the Consolidated Income Statement and Consolidated Balance Sheets, the appropriation to be made of the Company's profits or losses as shown in the Balance Sheets adopted by the Meeting, the discharge of the Board of Directors and of the President from liability for the fiscal year, the establishment of the fees to be paid to the Board of Directors and auditors and the election of the members of the Board of Directors and auditors and the election of the members of the Board of Directors and auditors

Distribution of shares in Securitas Lock Group AB

The Board of Directors proposes to distribute free of charge the total shares outstanding in the wholly owned subsidiary Securitas Lock Group AB (whose name will be changed to ASSA ABLOY AB), in which Securitas shareholders will receive one (1) Series C share in Securitas Lock Group AB for each Series A share held in Securitas AB, and one (1) Series B share in Securitas Lock Group AB for each Series B share held in Securitas B.

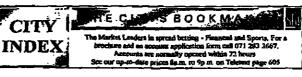
November 2, 1994 is the proposed record date for the distribution of shares in Securitas Lock Group AB. If the Annual General Meeting approves the Board's proposal, the Securitas Lock Group AB shares are expected to be registered in the accounts of shareholders at the Swedish Securities Register Center (Vardepapperscentralen VPC AB) on November 4, 1994.

Change of the Company's objectives The Board proposes to amend Article 3 of the Company's Bylaws as follows: " The objectives of the Company's operation is to conduct - directly or indirectly through subsidiaries - guarding operations, supply services and products in the security industry and own and manage real estate and chattels, as well as conduct associated activities".

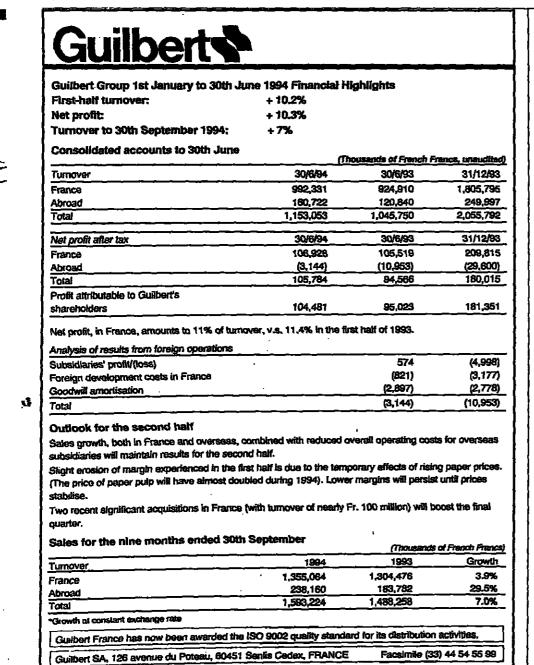
Change to fiscal year The Board proposes that the current fiscal year be shortened to cover the period July 1 - December 31, 1994 and that Article 13 of the Company's Bylaws be amended to state that "The Company's fiscal year is to be January 1 - December 31."

> Stockholm, October, 1994 Board of Directors









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16,000,000 £150,000,000 £144.000,000 Class A2 Notes Class B Notes Class Al Notes Mortgage Backed Floating Rate Notes due 2031

In accordance with the provisions of the Notes, notice is hereby given that for the three month period 10th Uk tuber 1994 to 10th January 1995, the (Jas. Al Notes, Class A.) Notes and Class & Notes will carry an interest rate of 16 1575 a, to 1175% and 7.1175% per annual respectively. The interest paralle per L100,000 None will be 11, 102.75 for the Class Al Notes, U.597 40 for the Class A2 Notes and U.799.04 for the Class B Notes,

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Intel calls on AMD to stop chip shipments

in San Francisco

intel has called on rival Advanced Micro Devices to halt shipments of the microprocessor chips it sells to personal computer manufacturers. The move follows a US court ruling that a small element of the "microcode" contained in AMD's 486 microprocessors

infringes Intel copyright. Intel, the world's largest chip maker, said that if necessary it would seek a permanent injunction to prevent AMD from shipping chips incorporating the infringing microcode - software that is embedded in

microprocessor chips. AMD said, however, that it started production this week of chips that do not contain the infringing microcode and that it does not anticipate any disruption to shipments of its 486

"This litigation is simply another effort by Intel to limit competition in the 486 microprocessor market," claimed Mr W.J. Sanders III, AMD chairman and chief executive officer. "It must not succeed." The quarrel is the latest in

almost a decade of legal battles between Intel and AMD. AMD, a former Intel technology partner, sells microproces-

ufacture and sell microchips containing Intel microcode, "AMD recognised that the market wants Intel technology. The ... technology was so critical to AMD's strategy that AMD copied the ICE code, after it had specifically given up any rights to do so." said Mr

> AMD will ask the court for "reasonable time to change our production lines," said Mr Sanders. "Intel is not being damaged." he claimed, so the court should not order an immediate halt to shipments. Instead, AMD will ask the court to allow it to ship chips in the production pipcline. The

Thomas Dunlap, Intel

vice-president and general

The copyright infringement

ruling, issued by a US magis-

trate, covers a very small por-

tion of a microprocessor micro-

code used for in-circuit

emulation, or debugging of

software. AMD said that the

The ruling applies only to this portion of microcode and

"does not affect jury verdicts

returned earlier this year

upholding AMD's right to man-

code was "superfluous".

production cycle for a microprocessor is about 12 weeks. Intel said, however, that it would ask the magistrate to give AMD "a couple of weeks"

to halt shipments.

Cellular phones help Motorola jump 50%

By Louise Kehce

Worldwide demand for cellular telephones helped to boost Motorola's sales and earnings to record levels for the third quarter and year to date.

The US communications. electronics and semiconductor group lifted third-quarter net earnings to \$380m, up almost 50 per cent from \$254m. Earnings per share jumped to 65 cents from 44 cents. Revenues rose 28 per cent to \$5.7bn from \$4.4bn in the same period last

Motorola's largest businesses wireless communications and semiconductors - saw revcellular telephone equipment advanced 63 per cent to

The number of cellular telephone service subscribers worldwide grew to nearly 50m, an increase of about 50 per cent from the end of 1993. Motorola was awarded con-

tracts during the third quarter for digital cellular systems to be built in Moscow, Hong Kong and Nigeria. Contracts for analog cellular systems came from the Philippines and several

countries in Africa. Other parts of Motorola's wireless communications business - including two-way in April.

data communications for mobile computer users together accounted for \$1.5bn in revenues, up 23 per cent on the same period last year.

Semiconductor sales rose 18 per cent to \$1.8bn, continuing an uninterrupted record of more than five years' growth. The company's largest chip customers are the automotive and communications indus-

In a push to increase its presence in the computer industry. both as a chip supplier and a systems manufacturer, Motorola is collaborating with IBM and Apple Computer on the enues grow strongly. Sales of development of PowerPC

microprocessor chips. Last week Motorola launched a range of computers based on PowerPC to be sold through third parties. In the third quarter, however, its computer sales rose only 2 per cent and orders were flat. Revenues for this segment were not reported separately.

For the first nine months Motorola's sales reached \$15.8bn, up 32 per cent from \$12bn a year ago. Net earnings were \$1.05bn, or \$1.79 a share, compared with \$682m, or \$1.20. The 1993 per-share figures were restated for a 2-for-1 stock split

Procter predicts record sales in first quarter

Procter & Gamble, the US household goods group, expects to report record sales

• McCormick, the US food products group, is planning to cut about 600 jobs, or 7 per and earnings for its first quarter ended September 30, Mr Edwin Artzt, chairman, said. Reuter reports from Cincin-

In the previous first quarter. the company carned \$670m, or \$0.95 a share, on sales of

\$7.56bn.
"The worldwide volume numbers are in and we have just completed a record quar-ter," Mr Artzt said. "As a result of this strong volume performance and the continuation of good cost controls throughout the company, we expect to report record sales

restructuring, AP-DJ reports. The company said that as a

result it expects to record a one-time, pre-tax charge of up to S66m in its fiscal fourth quarter ending November 30. It added that the restructuring would include closing its Hayward, California, production facility, realignment of some of its operations in the UK and sale of its Golden West

Foods unit. Plant closures will occur during the next two years and staff reductions will begin no earlier than February 1 1995. the company said.

Apple sees fourth-term results above forecasts

By Louise Kehoe

Apple Computer expects revenues and earnings for its fourth quarter to be significantly higher than current

The US personal computer company, which plans to release results for the year ending September 30 next week, said it expected revenues for the fourth quarter to be around \$2.5hn, up from \$2.1bn in the same period last

Earnings per share would be "slightly above 90 cents a share", the company said. This compares with Wall Street estimates of about 65 cents to 70 cents. Apple's net income was \$2.7m, or 2 cents a share. for the fourth quarter of fiscal

The company's share price rose to a 14-month high to trade at \$40% in mid-session

yesterday.
The shares have gained 11 per cent since last Thursday's close of \$36¼ amid rumours of an impending agreement with International Business Machines to establish a common standard for the design of PowerPC-based personal com-

Apple uses the PowerPC microprocessor in its latest Power Macintosh computers. There has also been widespread speculation that IBM might take a minority stake in Apple to cement such an

Apple said that demand was strong in the fourth quarter for its entry-level PCs, Power Macintosh models based on the PowerPC chip and its Pow-

erBook notebook computers.

The company said it expected gross margins as a percentage of net sales for the fourth quarter to be slightly above the 26.7 per cent it reported in its third fiscal quarter. Operating expenses would be slightly less than 20 per cent of net sales, it added.

CPC reports earnings up 3% to \$125m

By Richard Tomkins

After-tax earnings at CPC International, the US-based food group that makes Hellmann's mayonnaise, Knorr soups and Mazola corn oil. edged ahead 3 per cent to \$125.4m in the third quarter, the company reported yester-

The main factors hindering profits growth were difficult conomic conditions in Brazil, which affected the group's Latin American consumer food earnings, and flat operating income at Best Foods, CPC's North American consumer food business, caused partly by trade inventory reductions. World-wide sales advanced per cent to \$1.81bn, with CPC attributing the rise to acquisitions in North America

and Europe, a strong perfor-mance from its Asian consumer food operations, and good results from the corn refining business. Worldwide operating income rose by 5 per cent, but higher

financing charges relating to acquisitions and company share repurchases limited growth to 4 per cent at the pre-tax level.

Earnings per share rose from 79 cents to 83 cents. Last month CPC warned that extremely difficult marketplace environment in Brazil" and a two-month stretch of weak volumes in Best Foods would lead to lower than expected earnings per share of \$3.16 for the full year, excluding a second-quar-

ter restructuring charge. CPC said yesterday that it was confident it would achieve that figure.

GOLD FIELDS GROUP

Quarterly Reports

Reports of the undermentioned companies for the quarter ended 30th September 1994 were released to the relevant Stock Exchanges yesterday and have been published in the press in South Africa today:

> Deelkraal Gold Mining Company Limited Doornfontein Gold Mining Company Limited **Driefontein Consolidated Limited** Gold Fields Coal Limited Kloof Gold Mining Company Limited

Copies of the reports will be posted to all shareholders of the companies, but are also available to the public on collection from Gold Fields Corporate Services Limited, Greencoat House, Francis Street, London SW1 from Monday to Friday each week during normal business hours.

12th October 1994

Sappi leads S Africa out of the woods

Pulp and paper group has become a global force, writes Mark Suzman

Sappi, the South African pulp and paper company which this week announced it was acquiring US producer S.D. Warren for \$1.6bn, has long had the goal of becoming a global player in the paper industry by 2000.

Guided by Mr Eugene van As, executive chairman, the Wall Street estimates. unexpected announcement seems to indicate that the company has achieved its target a few years earlier than antici-In the process it has become

South Africa's first truly global industrial company, following a route previously trodden only by the country's big mining houses.

By adding S.D. Warren,

which is dominant in the US coated paper market, to its operations in South Africa and Europe, the company has become one of the world's bigger paper producers. More notably, it is now the

global leader in dissolving pulp

and coated wood-free papers, both fast-growing niche markets in the paper business. "I am delighted with the acquisition. It complements our existing operations and will play a key role in our future success," says Mr van

In spite of his confidence in Sappi's future, the road ahead is far from certain, and analysts and shareholders are not unanimous in their support for

nant in the local market, with a 50 per cent share of the broader pulp and paper industry, and its interests encompass everything from raw timber to finished papers.

It owns 340,000ha of forest in

the southern Africa region which will in effect be doubled to 765,000ha with the addition of \$.D. Warren's timber interests - and has a wide range of domestic plants covering craft papers, fine papers and pulp.

Sappi's Saiccor plant, acquired from UK-based Courtaulds in 1988, has long been the world's largest and lowestcost producer of dissolving pulp, which is used in the production of viscose for rayon fibre and cellophane film.

It is undergoing a R1bn (\$280m) expansion and the

bulk of its production is targeted for export. Given the size of its share of the local market, Sappi has for several years been diverting an increasing portion of local production for export. It has also

formed a wide-ranging interna-

tional trading company. Complementing this, it made its first foreign acquisition in 1990, buying five paper mills in the UK. Two years later, the company bought Germanbased coated paper producer

Hannovier Papier. Nevertheless, during this period, South Africa's long recession and a global slump



Rugene van As: 'a once in a lifetime opportunity' for Sappi

weakened local sales. The situation was further aggravated by increased competition from imports, particularly from Brazil and Finland which have taken advantage of South Africa's traditionally low tariffs on paper products to exploit the top end of the local

Adding to Sappi's woes, the European recession severely dented its newly acquired operations there, and Hannov-ier has so far been a disappointment - as well as a severe

Worse, Hannovier's recent in paper prices severely losses have severely dented

Sappi's bottom line becauses of the continued depreciation of

In response, the company's earnings plunged and it was forced to suspend dividends. Sappi reported after-tax earnings of R142.2m for 1993-94, down from R604m as recently

But the domestic market has

picked up and Hannovier. which appears to have turned the corner, is expected to make a significant contribution to earnines this financial year. Nevertheless, most analysts had expected Sappi to wait before making another interna-

tional foray, giving itself time to consolidate its existing operations and build up cash. But the lure of S.D. Warren appears to have been too great for Mr van As to resist. The

\$1.6bn purchase price is high in terms of the current stand-ing of paper stocks on the New York Stock Exchange, but as the Hannovier deal showed, Mr van As is always willing to take a gamble. The attraction lay in the overall quality of S.D. Warren,

its strengths in an area where Sappi has considerable expertise, and positive industry projections for sales in the coated wood-free sector, which are expected to outstrip all other main paper and board products over the next five years. The relative ease of finding

partners and putting together a financial package seems to

have been equally important. Traditionally. South African companies have trod cautiously in the international arena, hampered by strict exchange controls at home and the country's political reputasuries

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tion abroad. Now, however, as mining house Gencor's \$1.3bn acquisition of Billiton in July demonstrated, South African companies have gained a new

ndeed, as Sappi's executives noted with some surprise, several banks competed vigorously to organise the Sappi deal, in spite of the company's inability to raise money domestically or borrow against local assets because of exchange restrictions.

"Having been the pariahs of the world for so long it was very pleasing to see some of the best banks in the world competing to do business with us," says Mr van As.

"For Sappi this was a once in a lifetime opportunity and we were fortunate to have on our side financiers with a breadth of vision and a commitment to make the deal succeed."

However, with a new debt/ equity ration of 1.25, up from its current level of 0.4 and nearly five times the company's stated aim of a ratio of 0.35, Sappi and its backers will need both vision and commitment to make the

PepsiCo holds

brands battle

its own in

NTT hopes London listing will lift profile

Sanyo Securities plans Y20bn rights issue

Nomura Land Building, a prop- three banks and Nomura.

Reliance Industries posts | GFSA gold mines ahead

By William Dawkins

in Tokyo

Nippon Telegraph and Telephone, Japan's public telecommunications operator and the world's biggest company by market capitalisation - it is valued at Y13,603bn (\$135.2bn) - will today be listed on the London Stock Exchange.

NTT hopes the listing will lift its foreign profile, improve its ability to raise equity internationally and stimulate foreign business alliances. This follows the listing of NTT American Depositary Receipts in New York on September 29.

"With the advent of multimedia, we are pursuing affiliations and tie-ups with various companies and countries and believe a listing will heighten

By Emiko Terazono in Tokyo

Sanvo Securities, the troubled

Japanese broker, yesterday

Y20bn (\$198m) through a rights

issue to its three leading credi-tor banks – Nippon Credit Bank, Bank of Tokyo and

Daiwa Bank - and Nomura

Securities, its largest share-

A total of 41.7m shares at

Y480 each will be issued with

payment set for the end of this

month. Of these, 33.8m, or 81 per cent, will be allotted to

Reliance Industries, India's

largest company, yesterday

posted a 146 per cent increase

in interim net profits to Rs5.1bn (\$162m), due to strong

demand, improved productivity

and worldwide increases in

Sales in the six months to

end-September rose 33 per cent to Rs32.9bn, pushing up operat-

ing profits by 41 per cent to

Rs7.4bn. Earnings per share

Reliance is among the first of the large companies to report

results for the half-year. Ana-

lysts expect many groups to

post rises due to a recovery in

soared 91 per cent to Rs31.45.

By Stefan Wagstyl

chemicals prices.

strong midway advance

our name recognition," said Mr Masashi Kojima, NTT presi-

NTT's foreign listings come as it is preparing to face a fresh battle against plans by the ministry of posts and telecommunications to split up its long-distance and local busi-

The ministry hopes, in a review of the structure of Japan's telecommunications market next year, to emulate the success of AT&T, the US telecommunications operator, after it was split up in 1983. NTT argues that the invest-ment demands of multimedia make a split inappropriate.

Over the past year, the group has entered joint ventures with three US software groups to develop multimedia.

erty subsidiary of Nomura,

16.3 per cent from 5.3 per cent.

Bank of Tokyo will each take

2.7m shares, raising their stakes to 5 per cent from 4.8 per cent, while Daiwa Bank

will purchase 2.6m shares, rais-

ing its holding to 4.7 per cent

from 4.5 per cent. The funding is part of San-

yo's restructuring programme, announced last March, which

the broker is carrying out

under the supervision of the

partly induced by reductions in public spending due to reforms introduced by Mr P.V. Nara-

simha Rao, prime minister. Mr Anil Ambani, managing

director, said: "We benefited

from growing consumption of all our products in India, from productivity increases and from a cyclical turnround in

the chemicals industry."
Reliance, which produces textiles, plastics, and petro-

leum-based chemicals, has

grown in 30 years to overtake old-established companies such

as Tata Iron and Steel, the

country's largest private steel-maker, as India's biggest com-

It is expanding capacity and

diversifying into financial ser-

Nippon Credit Bank and

raising the company's stake to

It is negotiating with British Telecommunications for a joint venture, between NTT and IBM of the US, to provide high-speed international data communications. Cable & Wireless of the UK, meanwhile. interested in a possible stake in NTT's personal "handyphone" service to open in

NTT's foreign links are small, partly a reflection of the fact that it is the only leading national telecommunications group not allowed to operate international services. The Japanese finance minis

Japan next year.

try owns 65.6 per cent of NTT, which was partially privatised in 1985, but has been hindered from selling more by the weakness of Japan's stock market. The group reported a 42.4 per

Sanyo, one of Japan's 10 medi-

um-sized broking houses, has

been hit by Y70bn in non-

performing loans at its finance

Last month, the three credi-tor banks reduced their inter-

est rates on loans to Sanyo's

affiliates to 1.25 per cent. Other

city banks also lowered their

rates to 2 per cent, said Mr Takashi Ikeuchi, Sanyo presi-

dent. Interest rates on loans

from other banks and insur-

ance companies were cut to 2.5

per cent, with those from non-

Gold Fields of South Africa

reported that its gold mines

increased after-tax profit by

14.3 per cent to R448m

(\$126.50m) for the September

quarter, up from R392m the

The increase was largely the

result of improved overall pro-

In spite of a drop in the

grade of ore milled, to 9.2 grammes/tonne from 9.3

grammes/tonne in the June

quarter, gold production rose to 30,612kg from 29,721kg. This

was due to a substantial rise in

ore milled to 3.33m tonnes

By Mark Suzman

previous quarter.

from 3.2m tonnes.

Share price (¥000s) 1.050 -----1,000 - - - -900 750 -700

By Richard Tomkins in New York

ONDJEMAMJJASO 1993 1994

See Feature

cent decline in consolidated pre-tax profits to Y175bn in the year to last March, on turnover up by 2.8 per cent to Y6.687bn.

bank finance companies low-

ered to 3 per cent, he said. During the late 1980s, the

broker had ambitions of

becoming a large financial con-

glomerate with stockbroking

and banking as its main

After the collapse in asset

prices in 1990, Sanyo's affili-

ates were left with mounting

bad loans, which squeezed the

parent company's profit mar-

gins. Sanyo was hit by the bad loan burden and declining rev-

enue due to the slump on the

working profit advanced to R589m from R543m. However,

working costs increased to

R786m from R751m, mainly

because of wage increases

starting from the beginning of

ual mines, Driefontein boosted after-tax profits to R241.6m

from R194.5m while Kloof

increased after-tax earnings to R193.8m from R190m.

mine, reduced costs and raised

revenue, reducing its pre-tax

loss to R1.9m from the previ-

ous quarter's deficit of R8.8m.

However, in spite of increased

production, Deelkraal saw a

drop in after-tax profit to

Doornfontein, a marginal

Of the group's bigger individ-

the quarter.

Tokyo stock market

14.3% as production rises

Overall, net income for the third quarter to September 3 was \$541.4m. This was 18 per cent higher than the comparable quarter's \$458.2m -

impressive 11 per cent. Sales rose by 12 per cent to \$7.1bn and earnings per share,

boosted by company share from 56 cents.

Wall Street responded by marking the shares up \$1% to In the beverage division, strong sales growth pushed world-wide revenues up 13 per cent to \$2.6bn. This produced a 19 per cent increase in operat-

increased by 9 per cent to \$2.5bn, but profit advances at Taco Bell and KFC (formerly Kentucky Fried Chicken) were more than offset by the decline at Pizza Hut, leaving the division's operating profits 5 per

For the nine months, underlying profits (excluding unusual charges) were 7 per

new rate has been Next payment date: January 11, 1995 Coupon nr: 4 Amount: FRF 146,25 for the

THE PRINCIPAL **PAYING AGENT** SOGENAL SOCIETE GENERALE GROUP

15, Avenue Emile Reuter LUXEMBOURG

R14.5m from R15.7m as it resumed paying tax following vices, power and telecommuni-Indian industry following more Overall gold revenue rose to last quarter's R8m rebate. R1.37bn from R1.29bn while than two years of stagnation, HK newspaper chief may face ban

in Hong Kong

Mr Yu Pun Hoi, chairman of newspaper group Ming Pao and Hong Kong's most mysterious media mogul, was yesterday notified by the Hong Kong Stock Exchange of disciplinary proceedings after it was revealed that he had a previous and undisclosed criminal

It is a listing requirement in Hong Kong that directors notify the stock exchange of any previous criminal convictions. Failure to do so could lead to disqualification.

and South Sea Development, a property developer and investment company, was suspended on Monday after a newspaper revealed Mr Yu's previous conviction. In its statement about the pending inquiry, the stock exchange said trading would resume today.

Mr Yu, 35, owns 60.5 per cent of Ming Pao, and 36 per cent of South Sea. Late Monday night Mr Yu confirmed that he had served a four-month prison term in Canada in 1979 after being convicted of credit card and cheque fraud, and posses-

sion of a firearm. "I deeply regret my behav-Share trading in Ming Pao iour in my youth and in regard

to my past behaviour I have already paid for my wrongs and learnt my lesson from this," he said in a statement. The revelation of his past wrongdoing has focused public attention on one of Hong

Kong's most shadowy business people. The source of his funds for the acquisition of control of Ming Pao in 1991 remains unknown and subject to much speculation, especially given his youth. One source of his wealth and

influence may be mainland China. Through his privately-held CIM, Mr Yu has joint venture car dealerships for Ferrari and Toyota. He also has joint

ventures in magazine publishing, advertising, and cable TV - all "sensitive" areas where China's Communist party likes to keep tight control.

CIM is also Mr Yu's vehicle for satellite TV. By the end of this year analysts expect Asia Integrated Management, a subsidiary, to be broadcasting two Mandarin Chinese channels to Taiwan and possibly further afield. He has cable TV ambitions in Hong Kong.

But the jewel in his crown still remains Ming Pao. It publishes the Ming Pao Daily News, arguably Hong Kong's most prestigious Chinese lan-

PepsiCo, the US soft drinks and fast-food company, brought cheer to its shareholders yesterday with quarterly figures suggesting it was fighting off the threat to its core Pepsi-Cola brand from own-label cola drinks.

The news from its fast-food restaurant businesses, however, was less encouraging. Pizza Hut did particularly badly with operating profits dropping by 25 per cent, partly due to a decline in take away sales in the US.

although excluding a tax adjustment in the prior year. growth would have been a less

repurchases, rose to 68 cents The results were a significant improvement over the second-quarter performance, when weakness in the soft drink and restaurant businesses brought underlying profits growth to standstill.

\$34 in early trading. ing profits to \$422.2m in spite of higher discounts to retailers, a symptom of competition

from other cola brands.

Restaurant revenue cent down at \$211.1m.

cent ahead at \$1.3bn.

CREDIT COMMERCIAL DE FRANCE FRF 3,500,000,000 FLOATING RATE **NOTES DUE 1996** ISIN CODE : XS0047999502 For the period October 11, 1994 to January 11, 1995 the

denomination of FRF 10 000 FRF 1462,46 for the denomination of FRF 100 000 FRF 14624,55 for the denomination of FRF 1 000 000

Treasuries forge ahead as rate rise fears recede Mary Schapiro

US Treasury bonds forged ahead yesterday morning as fears of an immediate increase in short-term interest rates dis-

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sipated.
By midday, the benchmark 30-year government bond was is higher at 96%, with the yield slipping to 7.83 per cent. At the short end, the two-year note was a better at 99%, to yield 6.584 per cent.

Bonds opened with solid gains and advanced steadily as the morning progressed. The positive tone in part reflected technical conditions created by the extreme bearishness that had preceded Friday's mild employment data

With yesterday's activity the tentative upturn which had begun at the end of last week turned into a full-fledged rally,

By Frank McGurty in New York and Martin Brice in London the US yesterday, and adopted the US yesterday, and adopted were expected to show a slight a generally firmer tone. How-The extra impetus came from a report in The New York Times which further dispelled the lingering concern among traders that the Federal Reserve would lift rates at the end of this week. The story quoted unnamed Fed officials

as saying the central bank would need to see more data before deciding when to tighten its policy again. The suggestion was that the policy makers would wait until their next scheduled meeting on November 15 before considering a move.

Such signals gave the mar-ket a little breathing room ahead of the barrage of important economic figures to be released later in the week. Traders were already setting up positions in anticipation of Thursday's reading on Septem-

0.1 per cent gain. Friday will bring news of inflation on the consumer level. The consensus forecast projected a 0.2 per

cent gain during the month. There was an undercurrent of concern yesterday that the market was becoming too confident in such tame predic-

GOVERNMENT BONDS

tions. Some traders said prices could tumble if the figures on the current level of inflation came in stronger than expec-ted, or if Friday's industrial production data suggested price pressures were building in the economy

■ European government bond

ever, there was little trading ahead of key data due tomorrow from the US and the German election on Sunday.

■ German bunds drifted, lifting slightly during the course of the day. Mr Christoph Anhanm at UBS in Frankfurt said: "It is a futures-driven market." He believes there may be a rally on Monday, after the result of the German election on Sunday, which he expects Chancellor Helmut Kohl to win.

He pointed out that the yield on the benchmark 10-year bund fell by 21 basis points after the election in 1983, and by around 12 basis points after the election in 1990. He believes there is scope for the 10-year yield to fall by 15 to 20 basis points on Monday. was around 89.40 in late trading, up 0.34 points on the day.

■ UK gilts rose slightly, following German bunds. Volumes were thin however. before today's important data on UK retail prices, employment and earnings. Mr Robert Thomas at Nat-

West Markets said gilts had taken their tone from bunds and if bunds were to rise on Monday after the German election result, gilts would be likely to rise in their wake. He said: "Bunds seem to have come to the conclusion that Chancellor Kohl will win, and I would say that was likely. However there is enough uncertainty around for

the market to go up on Monday morning if Kohl wins." The December gilt future on Liffe rose & on the day to 100%

NEW INTERNATIONAL BOND ISSUES

The December bund future in late trading. The yield was around 89.40 in late trad-spread over bunds widened slightly to around 130 basis points in late trading.

The £650m of stock issued yesterday by the Bank of England was sold around market prices. The stock was in three tranches: £250m of 6 per cent due 1999, £250m of 8 per cent due 2009, and £150m of 2½ per cent index-linked due 2024.

■ The Italian market bucked the European trend to register a fall on domestic news. Mr Andre de Silva of PaineWebber said the sell-off was sparked by reports that Mr Silvio Berlus-coni, the prime minister, was to be directly investigated and that discussions on cutting the budget deficit by reducing pension provisions had been suspended. He said: "This reflects the high risk attached

takes CFTC helm

By Laurie Morse in Chicago

Ms Mary Schaptro will take the chair of the Commodity Futures Trading Commission this week, giving the agency a permanent chief for the first time in nearly two years.

Her confirmation as the chief US derivatives regulator came last week, after being delayed for four months by a political dispute between Mr Jesse Helms, the powerful southern senator, and Mr Mike Espy, the

US agriculture secretary.

Although the 38-year-old Ms Schapiro kept a low profile during the dispute, both she and powerful people from the industry she will regulate have been anxious for her to start work. The CFTC has been without permanent leadership when financial regulators have been re-examining their treatment of derivatives, with the agency at best playing a consultative or catch-up role.

Having suffered for years from an image as a toothless watchdog with questionably cosy relationships with its industry, the CFTC's stature and its staff morale were fur-ther damaged by the low priority the administration gave to filling the chair. Now the agency's traditional constituency, the US futures exchanges, fear the CFTC's lack of status will put them at a disadvantage as global rules on derivatives

trading are forged. in her new post, Ms Schapiro has oversight of private derivatives markets as well as established futures exchanges. She will also become part of the president's working group on financial markets, which for the past year has been focusing on non-listed derivatives.

Since 1968 she has served as a commissioner of the Securities and Exchange Commission, a regulatory agency that knowledge to head the dwarfs the CFTC in terms of in more than a decade.

budget, staff and mandate. Asked about the perception that the SEC's competency far out-shines the CFTC, Ms Schapiro said: "I don't want to compare the agencies - it wouldn't be fair. I'd just like to say that the SEC is as fine an agency as I'd ever like to work in, public or private, and I'd like to bring the SEC's tradition as a fair, strong and tough regulator with me to the

Ms Schapiro says one of her first actions will be to look at the CFTC's structure. "The agency isn't growing, but its mandate and the markets it supervises are. Realistically, I have to find a better way to do the job with the resources we have." The CFTC's 1995 budget is \$50m, compared with the

The CFTC has been criticised for neglecting its enforcement duties while devoting too much

energy to deak work. Ms Schapiro, who started her career as a CFTC enforcement attorney, says she wants to change that image. "I don't believe you can have an effective regulatory agency without an effective enforcement division. It doesn't matter how good your rules are if you can't enforce them," she said.

The agency must also ask Congress for reauthorisation this year. "I'm hoping very much that this reauthorisation will not absorb all the agency's time and energy. My goal is to get the agency reauthorised quickly," Ms Schapiro says.

Although Ms Schapiro's nomination last May was widely praised by executives at US futures exchanges, her extensive knowledge of the industry may over time prove perplexing to them. She will be the first experienced regulator with extensive derivatives knowledge to head the CFTC

Multinational companies find success in eurodollar sector

By Richard Lapper

Three leading multinational companies - Bayer, Smith-Kline Beecham and Toyota yesterday successfully com-pleted eurodollar issues, while deals by two frequent European borrowers, including the first-ever 20-year peseta-denominated issue, also caught the eye of investors.

Toyota Motor Finance (Netherlands), a financing subsidiary of the Japanese motor concern, and Bayer USA, part of the German drugs and chemical group, successfully placed dollar-denominated

The three-year Toyota paper, led by CS First Boston, was sold at a fixed re-offer price of 99.75, yielding 20 basis points over the corresponding US said that the decision by Stan-

total of \$200m. The re-offer price on the fiveyear Bayer paper was 99.479, yielding 42 basis points over Treasuries. Deutsche Bank led the issue which raised \$300m.

INTERNATIONAL **BONDS**

Investors were slightly less enthusiastic the issue from SmithKline Beecham, the Anglo-American pharmaceuticals group.

The issue was priced at 99.85, but fell to close at 99.70 after the bonds were freed to trade, with the yield spread widening from 37% basis points to 42 over the US Treasury bond.

Treasury bond, and raising a dard & Poor's, the credit rating agency, to downgrade the company last month - and the fact that it now has a "split rating" had discouraged some inves-

> SmithKline raised \$200m as part of its financing programme for a series of recent acquisitions, including the \$1.9bn purchase of Sterling Winthrop. Proceeds were immediately

> swapped into floating-rate funds and used to refinance bank debt, according to War-Eurofima, the Swiss-based group which funds the pur-

chase of railway rolling stock, raised Pta20hn, passing on the proceeds to Renfe, the Spanish railway operator. The deal followed a Pta20bn floating-rate note by the Euro-

1aset Change High 98-22 '+0-06 98-25 96-00 +0-06 98-02 97-12 +0-07 97-14

99.479R Oct.199 99.71R Oct.199 99.85R Nov.199 100.00 Sep.200	7 0.1876R +20(51/59) 7 0.225R +37%(61/5)	(-88) Deutsche Bank London (-87) CS First Beston %-97)SQ Warburg Securities Swiss Bank Corp.
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bond to be issued for some months and the first ever to carry a 20-year maturity. Both its term and 11 per cent

Low Est. vol. Open int.

explained. The European Investment Bank was also back in the markets yesterday, raising L400bn, coupon appealed to Spanish fungible with a L1,400bn deal

launched in June.

J.P.Morgan, together with three Italian banks, led the deal, which was priced at 97.995 with a 10.15 per cent cou-pon. Morgan said demand was particularly strong in Belgium, and Luxembourg, as well as in

BENC	HMARK	GOVE	RNN	ENT BO	NDS			italy							
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atherians	da .	5.750	01/04	88.4800		7.52 7.85		2050	_	.52	2.48		2.02		3.72
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/ Carle		8.750	11/04	87-05	-2/32	8.88 8.88		Sat, val, job	4, Calls 950	Puts 683. Pre	April (MA)	opin Irt., C	ide (686 ! P	us 24971	
		9.000	10/08	102-21	+2/32	B.67 B.83									
S Treasu	TY"	7.250	08/04	97-16	+18/32	7.87 7.88									
~		7.500	11/24	96-06	+24/32 +0.390	7.83 7.86 8.59 8.72		O1							
	ich Govi) sing, 70ew Yor	6.000		83,5700		0.72 G.72 Maida: Local m		Spain		_	_				
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	LRK in 32nds.	anna na				Source: AGA				Date and	Change	High	LOW	Est, vol.	Open int
								0	Open	Sett price	-	-	-		•
is in	TEREST	RATE	8	Treasury	BHS and B	and Yields		Dec	Open 87,15	67.16	-0.07	87.55	32.8g	51,900	78,548
US INC	TEREST	RATE		Treasury	4.86 Two	and Yields	6.60 6.90 7.29 7.43 7.86	UK	67. 15	•	· -0.07	BT.55	86.96	61 ,90 0	•
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us incluime time tale inter loss i ed funds ed funds et	TEREST	RATE On The Two	MATERIA	TIONS	4.86 Two 4.89 Then 5.00 Floo	and Yields		UK 11 NOTICE	87,15 NAL UK GE Open 100-21	67.16 LT FUTURE: Sett price 100-25	* (LIFTE)** Change +0-07	87.55 550,000 32 High 100-30	88.90 tride of 100 Low 100-08	51,900 51,900 6st. voi 48283	78,548 Open int. 91229
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IS INT Unditime dine rate inter tour i stands and must el SOND Francia I NOTIO lec fer un LONG brice frac 11	PUTUR PUTUR NAL FRENC Open 110.74 110.02 109.26 TERM FREN	74, 76, 76, 76, 76, 76, 76, 76, 76, 76, 76	Manage	## (MATE) ## (MATE) ## (MATE) ## (MATE) ## (MATE) ## (MATE) ## (MATE)	4.86 Two	Est. vol. 195,771 8 3 6 2 PUTS Dec 0,87 1,80	Cpen ltt. 143,787 8.199 438	UK 11 NOTICE 12 NOTICE 13 LONG 100 100 100 100 100 Est vol. tot	S7.15 NAL UK GE Copen 100-21 99-04 GELT FUTU	Sett price 100-25 99-28 RES OPTION CAL Dec 1-02 1-03 1 Puts 3874. F	Change Change Change Change Change Change Change	87.55 250,000 32 High 100-30 99-27 250,000 6	88.90 Low 100-08 99-04 4ths of 100 Dec 1-18 1-48 2-17 Calle 63370	51,900 9% Est. vol 48283 31 9% PUTS	78,548 Open Int. 91229 16 Mer 2-53 3-24 3-63
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Sett price Change High Love Est, vol. Open Int.

	FUTURES	OP 130	NS (LIPPE) D	NC250,000	points o	100%			aspar			•				
Strike			CALLS	Mer	Nov	Dec P	Jan.	Mar		YIOOR 1		4 Japanese G 1 100%	OYT. BOX	D FUTUR	126	•
Price	Nov	Dec		1.48	0.44	0.86	1.41	1.76				ss Change	High	Low	Est. vol	Open Int.
8000	0.91	1,33 1,04	1.13 0.90	1.24	0.64	1.07	1.68	2.02		Open		an ∧umana	•			•
895¢	0.61 0.36	0.79	0.70	1.04	0.91	1.32	1.98	2.32	Dec	107.00			107,17	106.90	2067	0
9000	¥,355 €-#a 741.	47 Duda	30281. Previou						* DELLE CO	يووا فوالب	MI ON AP	î. Ali Open interes	: sider me x	A but-going (
FIRE AGE RO	EL, CHIII 271	-,	00001111010													
UK G	ILTS P	RICE	·s													
	Notes	ات	field Red Price &	+or- 16	. 1994 br 1,594	;	Not	. 4 <u>.</u>	Red Price S	+w- 15	_1994 1994 #12.1 (#		Hotes :	(1) (2) P	fica € +6¢-	1994 High Los
		 -					1995-4.	. 484	7.56 724	+1, 86	. 69%	ledes-United	64			
Sports, (T)		AMAN) ALST	5.55 100A.XI	103	100A	- Constants	92-90 2004		8.78104334	+1.75		2pc '96	_(67.9) Z	R2 4.20	1994 +4	2037: 1975 113/1 106/
13ec 1985	944\$	11.79	5.81 101] 3	187		Trace SA	× 2004#	7.74	8.57 ST-4	·基 105		4596 18#		# 1841 43 183	072 at +4	1134 106/ 1754 1634
Each Sec Gar	: 1990 -0 5	3.05	5.72 90 ¹ 2 M	99	4 974 B 1025	- U-Zp-		840	AUG 9633			21205 '01			185% +1 181% +3	
104-ec 19	5	12.02	6.50 102 <u>6</u> 6.60 1062.30	107 113		, was 12		9.04 10.35	8.75 105°-14 9.09 12093			43-06 70412-	m35.60 3	59 3.841	08 <u>15</u> 2 +2	1183 1074
Trees 123404 14hr 1996	1995##	12.97	7.24 10733	117	à 1079	71 - 7	gs; 2003–5 _— . Tre⊷	19.35 	1.05 123E	+3 143	33 202	290 98				1841 165
15 Loc 18	###	13.70	7.48 111 45	1 <u>21</u>		900	2-8±±	1.46	8.73 94&	+& 111				.66 3.87 .60 1.62	151} +2 157 +2	168 ₁ 149 1764 154
Each 13 600	1998#	12.22	7.56 100 <u>15</u> 4 7.50 1043-si	41 117 41 112	6 1066 2 1032		pc 2003-7	10.21	9.10 1154	198 يا ب	£ 1124	2306 13		7 37	1294 +1	
Commelon 1	Ope 1990	9.60 7.16 .	7.85 976	100	3 SP3		c 2007 #	661	L57 985	+5 119		Post 16			1375 44	157 L 134
Table (21-or	1997#	11.95	7.84 110%	121	1103			10.58	12/1	+4 151				27 3,91 1. 76 3,98		152() 128 ² 128 ² 106 ²
Fach 101:00	1997	9.96	7.98 105/	+1. 114	à 1945 3 1893		2008#	8.76	8時102日元	. +£ 124	4 343				1085 +3	1255 1057
Treats 5-box "	1997\$\$	8.63 12.75	816 101년 831 1175년	+1 114 +2 110 +3 131	1100 1100							Prospective real	redemption	1 1250 CO PR	olected indiat	לטר (ו) ום מסו
643 1505 16 95,00 1996	67	9.40	8.39 103%	+3 114		Ì	-					and (2) 5% (t				
Sept Suit	19964	7.50	8.26 9633	+2, 108								Inditioning the 8 m	ordya prior		#10 h#590 1960	n adjusted t
These 6 kSt	1995-9811	7.10	8.37 (5. <u>A</u>)4	+1 131 +1 131			e Yuges			٠		3.945. PPI for J	1984 Year	2 141.3 and	for August	994: 144.7.
14nc 1986	-1	12.04 12.38	8.45 1234	140		THE OPE		845	8.65 943	+3, 115				•		
Exen 12pc 19		10.77	859 111 <u>G</u>	44.1英	H 1193		9¢2010		8.54 80°a 8.64 105&	+2 96 +2 125		A4L 55				
Treate Chang	1988#	9.20	8,64 103¥	+ 118			9201 井 2012 		8.62 103%	+1, 125 +1, 127			ag im	stear		
officers Str.							e 2001-1211		8.15 7程	-2.85						
							2013#		LS 943	117				Yeld	Price 2 + cr =	, 1984 , #8gh Lost
						The 2	M2-15#1	8.41	8.57 924	+2 114				- 199	MARK TO -	Taga Las
						Titons 84		8.60	8.56 101-k	128					10012	1287, 107
Phys to Fillian	1000 -	10.83	8,65 1134	八 (2) 14 (2)	<u> </u>		2013-17	_ 9,28	8.79 125%	+3 156	J 1997	5 mm 11 200 201		<u> 91</u>	178	142 11
Each 12 Lanc Treat 100-pa	1980 1980 :	9.82	8.84 TOF-	+(4 127	105							Prof Cap (\$1 ₂ 0c *		数 - M -	100	
Towns Stee 12	四	6.65	8.51 902	+실 101 +십 121	1488 is 12 to 415							130c W-2			سے۔ 100 سے۔ سے وا100	1154 10
Constraint 1	ــ 1990 عميان	9.65	1907 1928 2000	400								Hydro Coaber: 15pc	2011_ 10	86 283	1400	1693 L373
Trees File Ru	1987	9.27	254 1012 2101 A28	+1. 116								Loude 13/200 2008	L 10	71 -	125	1484 12

FT-ACTUARIES	FOXED	INTERE	ST IND	ICES											
Price Indices UK Gifts	Tue Oct 11	Day's change %	Morr Oct 10	Accrued Interest	xd edij. ytd						Oct 10				
1 Up to 5 years (24) 2 5-15 years (22) 3 Over 15 years (5) 4 imedemables (5) 5 All stocks (60)	119.41 138.72 154.81 177.03 136.10	+0.09 +0.14 +0.08 +0.19 +0.11	119.47 138.54 154.69 176.70 138.02	1.47 1.78 2.45 3.87 1.80	10.29 9.81	20 yra			6.19 6.98 7.10 7.23			6.44 7.11 7.17			6.63 7.22 7.84
index-linked 6 Up to 5 years (2) 7 Over 5 years (11) 8 All stocks (13)	185.24 172.70 173.13	+0.18 +0.17 +0.17	184.90 172.41 172.83	0.11 0.95 0.86	5.07 3.95 4.04	Up to 5 yrs Ower 5 yrs	8 4,	.01 4. L89 3.	190 3.	2.53 1.15	2 3	1.70 8.	L00 1. L71 2	.77 .98	·
Debentures and Loans											5 year yie Oct 10				
9 Dehe & Loans (77)	128 78	~0 OR	19A RA	2.05	2.05		0.79	972	770	0.67	0.60	9.05	0.00	0.07	0.17

9 Debs & Loans (7	7]	126.7B	+0,	08 1	28.68	2.05	i	8,95	9.72 9.72	7.78	9.67	9,68	8.05	9.63	9.84
Average gross rademy	otion yield		m Above,	Coupon	Bande, Lo	w; 0%-79	76; Madi	ant 8%-10	19496; High: 1194 and over. † Ple	t yleki. ytd	Year to	ditte.			
						_									
FT FIXED IN	T EP	est ii	IDICI	E\$		-			gilt edged a	CTIVIT	T IN	DICE	5		
	Oct 11	Oct 10	Oct. 7	Oct 6	Oct 5	Yr ago	High*	LOW		Oct 1	1	Oct 7	Oct 6	Oct 6	_ Oc
Govt Secs. (UK)	90,68	90.86	90.7B	90,63	90.16	102.84	107,04	89.54	Glit Edged bergeins	91.2		79.8	78.9	75.5	66
Phod Interest						124.42			5-day average	78.9		76.7	85.1	91.7	104

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FT/ISMA INTERNAT	IONA	LBC	OND	SEF	VICE									
od lenotheratel taked orb era batel. Deugel					ie secondary market. Labest prices at labored	-	on Ool Offer			lasto	er 191d	~	~_	Ylei
U.S. DOLLAR STRAIGHTS			-		United Kingdom 7 ² s 97 5500	_=_	100%		6.03			Office 0114		9.5
Unber Net Transity 61: 03 1000	89 ³ £	æ	÷ł,	8.27	Valissengen and Fin 7 03 1000	94	947	44	7.96	Allence Leice 11 2 87 2 10	0 105%	1064	4	8.6
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FR ahead

17% and

proposes

By Andrew Bolger

name change

FR Group, the aerospace

engineering company, yester-day reported a 17 per cent

increase in pre-tax profits and

said it wanted to change its

name to reflect the whole of

Paradoxically, the proposed name change to Cobham coin-

cided with news of the planned

retirement next June of Mr

Michael Cobham, who will by

then have been chairman of

the Dorset-based company for

FR said its present name

was identified too strongly with Flight Refuelling, the

air-to-air refuelling business

which accounts for about 40

per cent of group sales, to the detriment of other divisions.

Sir Alan Cobham - the pres-

founded Flight Refuelling 60

years ago and the group said

the name Cobham had a long

and well established associa

Mr Gordon Page, chief exec

utive, said there were no more

members of the Cobham family involved with the group,

but this seemed an appropriate time to make the change -

partly because this year is the

centenary of Sir Alan's birth.

The new chairman will be Sir Michael Kright, 61, a non-

executive director, who joined

the board in 1990. He retired

as Air Chief Marshall in 1989

after 35 years' service with the

FR's pre-tax profits rose

from £10.5m to £12.3m in the

six months to June 30, on sales

up 16 per cent at £101m. The

Mr Page said the group had

made good progress by "stick-ing to its knitting". The order

book stood at £280m at the

period end, and was both

long-term and well spread

Having cut several hundred

jobs in the previous year, Mr

Page said that FR had shed

only 40 to 50 jobs in the half-

ble buying programmes from Airbus and Fokker.

Last mouth FR paid £6.7m for Sargent Fletcher, a Calif-

ornia-based supplier of

air-to-air refuelling equipment

to the US Navy. Mr Page said

the company was well placed

to win a Pentagon contract to

install aerial refuelling wing

pods on its KC 135 tanker air-

r, and benefited from sta-

across the group's busines

shares closed up 12p at 290p.

Royal Air Force.

tion with the industry

ent chairman's father

the group's activities.

26 years.

Japanese move for Amersham

Amersham International yesterday took a stride towards becoming a global healthcare business by paying Y8.52bn (£55m) for a 22 per cent stake în Nihon Medi+Physics, Japan's largest manufacturer of "nuclear medicines".

The move follows three years of talks with Sumitomo Chemical Company, NMP's parent. which has granted the UK health science group options to acquire a further 30 per cent stake before the end of the

This will help Amersham to achieve market leading positions in each of the world's three major nuclear medicine markets - Europe, North America and Japan," said Mr Bill Castell, Amersham chief

If the UK group takes up the options, it would greatly enhance its presence in the Japanese market for nuclear medicines, worth some £220m a

The world market for such medicines, which use radioactive materials to identify diseased or damaged organs, is worth an estimated \$700m.

Pentos, the specialist retailing

group which is undergoing a

restructuring under its new

management, reported a £36m

pre-tax loss for the half year to

July 2 after exceptional costs

of £10.5m. There were restated

Commenting on the results

Mr Bill McGrath, who took

over as chief executive in Jan-

uary, said they "should mark a low point in Pentos' fortunes".

He added that "considerable

progress" had been made in

implementing strategic initia-

tives and refocusing the group

since receiving the proceeds of

its £45m rescue rights issue in

Mr McGrath emphasised that

the group's management was

only able to focus fully on

implementing the initiatives

after receipt of the rights pro-

ceeds and accordingly the

results "do not reflect any of

Turnover of continuing

operations increased by 7 per

ing a 2 per cent increase in

like-for-like sales at Dillons,

the flagship bookstore chain.

The group also includes Ryman stationers and Athena

Galleries, the cards and poster

cent to £97.9m (£91.5m) includ-

the resulting benefits".

losses of £10.6m last time.



Bill Castell: the second tranche could involve an equity placing

The deal - financed from Yen-denominated borrowings promises to increase the size of Amersham's healthcare division by more than 60 per cent and could contribute sales of £65m. This compares with last rear's group total of £324.2m. Initially, the venture will

Pentos £36m in the red

after exceptional costs

Share price relative to the FT-SE-A All-Share Index

1992

93

The exceptional costs cover a

number of items, including

£5.7m related to Dillons to

cover a more accurate determi-

nation of year-end creditors,

provisions for prior year debt-

ors, under-accrued property

costs and redundancy costs of

£400,000 which Mr McGrath

said should result in full-year

unchanged interest charges of

£3.2m. Mr McGrath said the

number of factors including

accounting changes and the

fact that before the rights issue

many suppliers were reluctant

losses were attributable to a

Operating losses widened to

(£7.4m) before

savings of £2m.

£22.3m

100

allow the UK group to use NMP's facilities to make and mission approves the link-up, Amersham will pay up to Y9.78bn to raise its NMP distribute its products in Japan, where it currently sup-

plies 7 per cent of the market. In particular, Amersham forecasts growing demand for Ceretec - its brain imaging agent - and an injectable version of Myoview, which detects heart disease. It also hopes to launch Metastron, a pain relief agent for cancer, in east Asia. If Japan's Fair Trade Com-

to £57.5m and trading losses

were £13m before exceptional

charges. Ryman reported a

£3.8m loss on flat sales from

continuing operations of £16.7m while Athena's loss on

continuing activities was £5m

Losses per share were 17.2p

(6.4p) and the interim dividend

The latest exceptional costs,

while unexpectedly high,

should mark an end to the

house cleaning at Pentos.

Meanwhile the rights issue has

enabled the group to re-estab-

lish good relations with is sup-

pliers and begin rebuilding the balance sheet which shows

bank borrowings of £62.3m at

the end of the first half.

Looking ahead, Mr McGrath

believes Dillons can continue

to grow its market share which

has recovered from a low of

31.5 per cent in June, and is

well positioned to take advan-

tage of the likely demise of the

net book agreement. Managers

are now under instructions to

build sales. Barring the unex-

pected, the group should break even in the second half. Those

still holding the shares which

slipped %p to 14p yesterday,

on static sales of £16.2m

"While we're happy to take the first part of the acquisition on the balance sheet, the second tranche could involve an equity placement," said Mr

For NMP, which enjoys a market share of close to 60 per cent, the deal promises access to Amersham's lucrative international distribution network. particularly in North America. Last year, the Japanese company saw pre-tax profits rise 37

per cent to Y3.4bn on sales ahead 13 per cent at Y20.7bn. While hailing NMP's likely contribution. Amersham has insisted on an exit clause allowing it resell the 20 per cent stake to Sumitomo at the original purchase price should regulatory approval be with-

Although interest payments are expected to make the deal earnings dilutive next year, City analysts welcomed the

"It's a good deal and will be earnings enhancing if the 50-50 partnership goes ahead," said one analyst.

Amersham's shares closed

Rumours spark Asprey share tumble

On September 9, the shares

a few big-spending customers would depress its profits. Yesterday Asprey said it was forced to put out a statement to the Stock Exchange asserting that the "rumours are without basis in fact". It said that there were three rumours it wished to deny. First, the company had one bad debtor, owing some £30m. Second, it would have to make a £40m write-off for stock. Thirdly, it

preference dividend. Asprey responded that at its most recent review, it had stock of £150m. The next review is at the time of the interim results and it did not expect that "further provisions, if any, will be material in the context of the va

It said it had never had a "material bad debt" in its history as a public company. It added that nothing had altered since the profits warning to change its view of the upcoming results for the six months to September 30. It therefore expects to pay the preference.

up 17p at 943p. See Lex

Shares in Asprey fell 17p to 135p yesterday amid market rumours about the financial position of the jewellery retailer, writes Peter Pearse. plummeted from 310p to 200p after a warning that the loss of

would not be able to pay its

the stock as a whole".

craft, which could be worth \$100m (£63m) over 10 years. FR generated cash of £8.8m during the first half and had net cash of £3m at the period end. Earnings came out at 11.01p (9.08p) per share and the interim dividend is lifted to 2.7p (2.46p).

Goodman and bankers are close to agreement

Mr Larry Goodman, the Irish beef entrepreneur, is close to an agreement to buy back the outstanding 60 per cent of Goodman International which he lost when it was taken over by its banks as part of a rescue deal four years ago.

Mr Goodman and his backers are understood to have offered the 33 banks in the Goodman syndicate, led by Lloyds Bank, up to I£50m (£49m) in settlement of debts in excess of

Goodman International has declined to comment on the negotiations other than to say they are extremely complex and it hopes they will be suc-cessfully completed by the end

Under the proposed deal Mr Goodman's stake in the com-pany would initially fall from 40 to 35 per cent, but he is likely to have the option to buy back most of the remaining shares. He will remain manag-

Morgans Waterfall, a US Ian Morrison, the chairman vulture fund" specialising in high-risk investments, is believed to be prepared to take a stake of up to 25 per cent in the restructured company. while a group of Irish investors, based outside the Republic, are expected to take up to 12 per cent. Morgans Waterfall has refused to comment on the

proposed investment. Other Irish investors are due to participate, including the McCann family who are also shareholders in Fyifes, the fruit and vegetable distributor. Fyffes itself has ruled out tak-

ing a stake. Klesch and Co, the Londonbased debt trader, has confirmed that it is also involved in the buy-back. The deal is expected to involve a mechanism by which Mr Goodman can increase his stake by buying out the other investors.

The new investors are expected to get representation on Goodman's board. Mr John O'Donnell, finance director, is expected to remain, as is Mr and a former governor of the

Bank of Ireland. Two agreements have to be hammered out between the would-be investors and the banks. One will cover the exit mechanism for the banks, the other the provision of banking facilities for Goodman. Up to 10 of the banks in the consortium are expected to provide it with a working capital facility of about 19100m to cover the peak of the cattle slaughtering sea-

Goodman and the banks have already reached agreement on the distribution of the company's contingent assets should any be realised. Good-man is, for instance, owed 12175m by the Iraqi government for beef exported prior to the Gulf war.

The company, Ireland's largest beef processor and one of the largest in Europe, went into examination - the Irish equivalent of administration in 1990, owing its banks more

core catalogues for the mature

woman accounted for 84 per

cent and lifted sales by 10 per cent. However, Fashion World

and Candid, for younger women, had sales growth of 31

per cent. This represented 14

per cent of divisional turnover.

£1m launch costs of Classic

Combination, which accounted

for 2.3 per cent of turnover and

lost just £200,000. It should

move into the black next year.

per share and the interim divi-

dend is raised 20 per cent to 1.35p (1.125p). The shares fell 4p to 240p. With the City looking for \$26.5m pre-tax for

the full year, they are trading

Earnings rose to 4.97p (4.15p)

Greater efficiencies offset the

N Brown improves 19% amid expanding customer base

More buyers and greater spending per head helped N Brown Group, the Manchesterbased direct mail order group, announce a 19 per cent increase in first-half profits.

In the 26 weeks to August 27, pre-tax profits rose to £10.8m (£9.02m) on turnover up 14 per cent at £98.4m (£86.2m).

Mr Jim Martin, chief executive, said that of a total database of about 8m people some 1.2m were buyers in the six months, 8 per cent up on last time. Those 1.2m were spending 6 per cent more. The data-base lists about 200 attributes on each customer.

Sir David Alliance, the chairman whose family holds 58 per cent of the company, said that, although N Brown had been pipped to the acquisition of Country Holidays, a direct seller of country cottage holi-

Sinciair (Wm)

CONTRACTS & TENDERS

Arab Republic of Egypt Egyptian Electricity Anthority (EEA)

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. §USM stock. •For 18 months.

days, the company had "no real need to buy". It was also "watching developments" on the TV shopping front. although Sir David reckoned it would not be important this

N Brown recently received the results of a two-year project undertaken by the University of Manchester to ascertain the changing shape of women. Among the conclusions of the survey, which took 30,000 measurements from more than 700 women, were that they had grown bigger and wider, and had figures more conical than

hour-glass shaped. Mr Martin said that this information was being fed into Brown's catalogues and he hoped it would reduce the number of items returned.

Home shopping operating profits rose 15 per cent to £11.9m on turnover up 15 per cent to £95.2m. Within that, the

0.25

CREDIT COMMERCIAL DE FRANCE FRF 500,000,000 REVERSE FLOATER BONDS DUE 1998 CODE ISIN XS0043048882

For the period October 10, 1994 to April 10, 1995 the new rate has been fixed at 7,91667 % P.A.

Next payment date : April 10, 1995 Coupon nr : 3

FRF 3 980,33 for the denomination of FRF 100 000 FRF 19 901,63 for the denomination of FRF 500 000

Amount : FRF 398,03 for the denomination of FRF 10 000

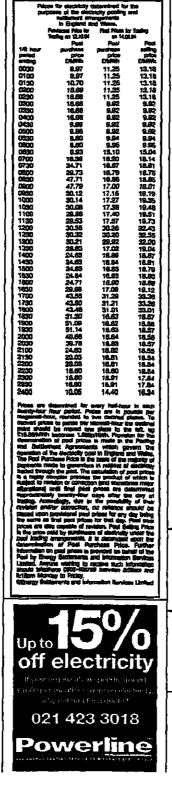
C	
o r	Eastern director nets £90,000 from shares
e	An executive director of
	An executive director of Eastern Group yesterday made more than £90,000 profit in a

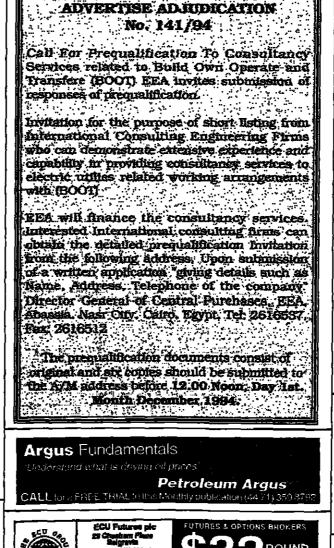
share sale completed just hours before such transactions became prohibited in the run up to the interim results in Mr William Watson exer-

cised 20.000 executive share options at 289p and immediately sold them, with a further 1,200 shares at 740p. He now holds 10,728 shares and has options on 83.897 more as of March 31. He could also receive up to 21,503 shares in April 1996 if targets are met.

NO. 006139 of 199

to supply stock. should hang on. The Sydney Opera House, the Tower of London, the Channel Tunnel Terminal, offices, factories, schools, airports and possibly the street where you live - all these have been lit by products designed and provided by Thorn Lighting, international specialists in lighting for people and places. The holding company of the Thorn Lighting Group Placing and Public Offer (prospectus available late October) To reserve a prospectus and application form, please call 081 247 0247 is been approved by klasswort Banson Lusterd (a member of The Seccrities and Eulase) Authority Limited and the Landon Stock Exchange) for the purposes of Section 57 at the hinancial Services Act 1986: Moreway Bearing Limited is nating for TTO ple in competion with the Freeins and Public Assignation for strains should be made on the basis of the information in the prospectus the value of the shares can tall as well as our and investors may get back less than t





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FUND LIMITED

Unaudited

NAV per share as at

30th September, 1994

US\$1.83

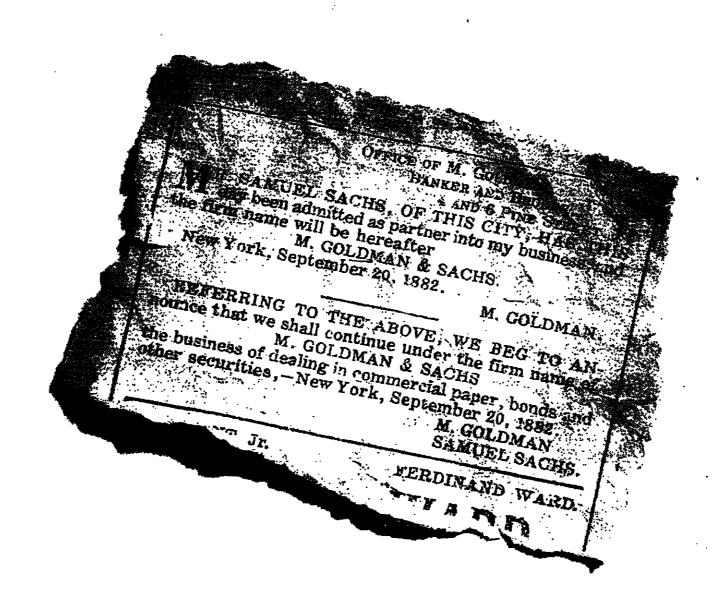
MEMORIAL SERVICE A memorial service will be held at St. Brides Church, Fleet Street on Tuesday November 1994 at midday to celebrate the life of David Warren,

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£4.93m write-off checks St Ives

Exceptional losses on the disposal of discontinued bustnesses held back full-year pretax profits at St Ives, the UK's largest independent printer.

Although there was a operating level, the pre-tax line for the 52 weeks to July 29 was flat at £22.3m, compared with £22.1m last time, on turnover ahead 7.1 per cent at £237m (£221m).

Earnings per share slipped from 15.15p to 13.48p. To reflect the improved underlying per-formance, however, an increased final dividend of 4.5p is proposed, making a total of 6.4p (5.5p).

The shares closed 10p higher at 325p.

The pre-tax outcome was struck after first-half exceptional costs of £4.93m - representing goodwill previously written off to reserves - on the disposal of two non-core businesses, Talbot Publishing Systems in December and Nelson Packaging in March.
Excluding the exceptional

23 per cent to £27.2m and earnings per share grew

A "sound performance" across

the group, with increases in

sales, profits and margins, was

yesterday reported by William

Pre-tax profits of the Lincoln-

based group, which supplies products to the garden, leisure

and pet markets, showed a 9.3

per cent advance from £3.82m

to £4.17m in the year to June

30. Turnover was up 7.4 per

The figures included a con-

tribution from the peat busi-

ness acquired for £2.76m from

This business had been suc-

cessfully integrated into the

horticultural division, said Mr

Tom Sinclair, chairman, and

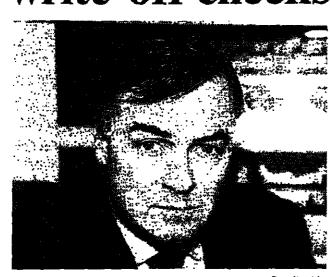
would make the company

cent from £38.5m to £41.3m.

Zeneca in late January.

By Peter Franklin

Sinclair Holdings.



Miles Emley: results 'somewhere between not bad and quite good'

22 per cent to 18.46p. Operating profits increased 25 per cent to £26.3m (£21m), while net interest receipts fell to £908,000 from £1.04m.

Mr Miles Emley, chairman, described the results as "some-where between not bad and quite good". He said they reflected an improvement in some of the group's markets, particularly UK magazines,

Enlarged William Sinclair

moves ahead 9% to £4.2m

Because of the seasonal

nature of the group's activities,

and their susceptibility to adverse weather conditions, it

was impossible to indicate any

significant trends at this stage.

The spring season - the most important sales period for the group - got off to a very poor start. "Most people have proba-

bly by now forgotten that April

this year had been one of the

wettest on record for some 60

years," Mr Sinclair said, and

this had resulted in additional

However, sales volumes sub-

sequently recovered and,

helped by the increased acre-

age made available by the

Zeneca purchase, the peat har-

vest turned out to be satisfac-

tory.

The bulk of the group's 7.15p (7p).

which benefited from increased paginations, and a turnround in the US magazine business. However, conditions in the UK books market remained unsettled, particularly as a result of destocking by the large retail chains towards the end of the period. Even so. St Ives maintained or improved its market share in UK general and hardback books and

income is still derived from the

horticultural division which,

bolstered by a £164,000 contri-bution from the Zeneca busi-

ness, made an operating profit

The pet, aquatic and house

hold division achieved operat-ing profits of £1.34m (£1.21m)

on sales of £10.3m (£9.89m).

Companies within this division

operated in a fragmented mar-

ket, Mr Sinclair said, and the

group had embarked on a pro-

Sinclair ended the year with

a strong balance sheet, with no

borrowings and net cash of

Earnings came out at 13p

(12.2p) per share and a pro-

posed final dividend of 5.45p makes a total for the year of

Andrew Bolger on why Domnick Hunter's shares have risen since its March flotation

gramme to merge them.

of £2.82m (£2.46m) from turn-

over of £31m (£28.6m).

The financial printing busi-

ness was buoyant until the last two months of the year, reflecting the high level of domestic and overseas new issues. The direct mail printing business and compact disc packaging both made gains.

The group ended the period with net cash of more than £36m. It plans to invest £47m in plant and equipment in the next 18 months, adding about

15 per cent to capacity. COMMENT

St Ives' underlying results were somewhat ahead of expectations. Capacity utilisation in the UK print plants is back above 80 per cent, and overall pre-tax margins have increased from 10.3 to 11.7 per cent - well below the peak of 15 per cent, implying further progress is possible. Meanwhile, the hefty capital expenditure programme should help keep profits moving ahead. The pre-tax figure should reach about £31m this year, producing earnings of about 21p. The shares are trading on a prospective multiple of 15.5, which looks reasonable for a quality printer.

Incheape sells M5 service area to management

Inchcape, the international motors, services and marketing group, has sold the services area on the M5 motorway at Strensham, Worcestershire, to its management for about £12m, writes Andrew Bolger. Inchcape acquired the site

bought for £383m in 1992. The Strensham management was backed by the Birming-ham office of 3i, the investment capital group, and advised by Coopers & Lybrand and Edge and Ellison in Bir-

trade under the TakeaBreak name, is situated on both sides of the M5 motorway, and employs 209 full-time staff and 65 part-timers, catering for 6m

3i led the equity element of the total finance requirement of £16.8m, providing £4m.

Buoyant operating showing at TLG

By Christopher Price

Operating profits at TLG, the holding company for Thorn Lighting, which is coming to the market next month. tumped from £2.63m to £6.06m for the five months to August

The figures, published yes terday in the pathfinder pro-spectus, also showed turnover ahead 4 per cent at 2138.5m. Higher interest charges of £4.21m, against £12,000, depressed pre-tax profits which declined 41 per cent to £1.85m.

TLG, Europe's second biggest supplier of professional lighting systems, was the subject of a £171.5m management buy-out from Thorn EMI in August last year. Its flotation involves a plac-

ing and public offer to raise about £77m of new money. The company is expected to have a market capitalisation of approximately £225m. Analysts are forecasting operating profits of some £25m for the

Most of the proceeds will go to repairing TLG's balance sheet, which currently has gearing of 93 per cent. Follow-ing the float, gearing will drop to just over 23 per cent.

Mr Hamish Bryce, TLG's industry, was one area TLG had earmarked for expansion.

Following the float, manage-ment, which is currently interested in 3 per cent of the shares, would hold up to 11 per cent. Thorn's share of 12 per cent would be diluted to about 7 per cent, while Investcorp, the Bahrain-based international investment bank, would see its 77 per cent interest fall to approximately 45 per cent.

The shares will be priced when the full prospectus is published on October 27. Applications close on November 3, with the basis of allocation announced the next day. Dealings in the shares will nence on November 10.

Domnick Hunter was

founded in 1963 and bought by

the Scottish coachbuilder Wal-

ter Alexander in the 1970s. In

1990 Mr Thompson led a £42m

management buy-out for the

whole group. Two years later,

the coachbuilding division

organised its own buy-out and

the company was left as a spe-

The group employs 550, mainly divided between the

group headquarters at Birtley

and a factory at Team Valley, both in Tyne and Wear. The

flotation reduced heavy bor-

rowings and has allowed work

to start on a £2.5m extension to

the industrial division's Birtley

plant, expanding space by 50

per cent. Domnick Hunter has also

cialist filter operation.

Thorntons confirms recovery with £12.1m

By David Blackwell

Thorntons, the chocolate maker and retailer, yesterday reported record annual profits and sales for the year to June 25, confirming its return to the black at the interim stage. Pre-tax profits were £12.1m

against a loss of £4.8m, when there was a one-off provision of 27.63m to restructure the group's operation in France, as well as a £5.41m charge for goodwill previously written off Operating profits on continu-

ing operations were 20 per cent ahead at £12.6m. Turnover grew to £96.6m, including £3.48m from discontinued operations in France, against £92.5m, including £5.93m from discontinued operations. Like-for-like sales in France

eased from £4.65m to £4.4m against a weak economic background. Commercial sales, mainly to Marks and Spencer and Boots, were 13 per cent ahead at £15m, while sales from the group's retail and franchise outlets were up by just over 7 per cent.

Mr John Thornton, chairman
and chief executive, said the

results reflected the benefits of changes made in the UK and France. The group would this year concentrate on starting to iron out seasonal variations in its sales patterns by attracting more daily trade.

At the moment the group has only 1 per cent of the daily confectionery trade, but 6 per cent of the gift market. About

Welpac loss



Lysia ven ow Men John Thornton: concentrating on ironing out seasonal variations

30 per cent of sales are made in the Christmas period, with another surge at Easter.

The French operation, now concentrated on 20 shops in Paris, halved its losses from £630,000 to £301,000. Mr Thornton said it was breaking even in cash terms in spite of the disruption of reorganisation, but he would not commit himself to predicting a profit this

The group ended the year with net cash of £1.12m compared with previous net borrowings of £8.08m. Net interest payable fell from £978,000 to

£469.000. Earnings per share were 12.19p (11.94p losses). A final dividend of 3.45p (2.4p) is rec-

4.9p (3.65p). COMMENT

ommended taking the total to

Strong cash generation and a 34 per cent rise in the dividend highlight the strength of Thorntons' recovery. The group is moving in the right direction by trying to expand day-to-day sales of confection-ery, but overall it remains a seasonal business driven by the sale of gifts. Given no further problems in France, and good sales at Christmas, profits can be expected to top £13.5m this year. This, with the shares up 5p at 183p yesterday, puts the group on a prospective multiple of 13, which is beginning to look attractive.

executive chairman who led the MBO, stressed the company's cash generative nature and said acquisitions could not be ruled out. Germany, which has a fragmented lighting

with TKM, the motor dealer it

mingham. Strensham, which will now

visitors annually.

to £1.25m Shares in Welpac fell by 3p to 14p yesterday after the hardware and gardening products maker reported pre-tax losses

of £1.25m for the half year to July 31. There were losses of £138,000 last time although continuing operations produced a £1,000 profit. The result was after exceptional costs of £224,000

deepens

(£25,000), being redundancy costs of £144,000 and an £80,000 loss on the termination of a supply arrangement. Mr Gerald Lavender, chairman, said the "extremely dis-

largely because of a fall in turnover, particularly in the second quarter when sales were 26 per cent below budget. Turnover of continuing operations declined to £7.88m (£10.1m). Interest charges fell to

£224,000 (£266,000) partly because of the £2.64m received from the placing and open offer in May.

Losses per share deepened to 3.2p (0.5p).

Mr Peter Dixon, who has been appointed a director, will take over as non-executive chairman in February. Mr Lavender fetires from the board at the 1995 ACM.

A Beckman lower

A Beckman, the property and textiles group, announced pre-tax profits nearly halved from £790,000 to £403,000 in the year to June 30.

Mr Melvin Lawson, chairman, said textiles margins had been squeezed while rental income had fallen mainly because of vacant space. Although that had now

largely been relet it was at lower rents and as a consequence the associated company suffered a loss, of which the group's share was £128,000. The properties have been revalued downwards and there would be ongoing losses for the foreseeable future, Mr Lawson said.

Turnover amounted to £17.8m (£14.5m) with property contributing slightly less at £1.49m (£1.55m). Earnings per share fell to 2p (4.7p) but the dividend is held at 3.58p with a

NEWS DIGEST

proposed unchanged final of 2.38p.

NB Smaller Cos NB Smaller Companies Trust, the former North British Cana-

dian Investment, had a net asset value of 145.2p per share at August 31, up from 137.1p a year earlier, but lower than the year end figure of 154.5p. Net revenue for the six months edged ahead to £479.000 (£471,000), equivalent

to earnings of 1.78p (1.74p) per share. The interim dividend is

A&C Black up 27%

A&C Black, the publisher, lifted pre-tax profits by 27 per cent from £344,000 to £310,000 in the six months to June 30. "further small improvement" in publishing margins, the company said.

Turnover rose 9 per cent to £3.66m (£3.38m). The interim dividend is

unchanged at 4.25p, payable from earnings per share of 13.9p, up from 10.6p.

Wescol recovers

Wescol Group, the Halifaxbased steel fabrication and construction company, has continued its recovery and, following a stronger second half. reported pre-tax profits of £260,000 for the 12 months to July 31. The increase from last time's

£30,000 was achieved on turnover ahead from £15.2m to £18.3m, and reflected a reduce interest burden following last November's £2.9m rights issue. The company was now cash positive.

Mr Peter Price, chairman, said the company was seeing "a much closer balance of capacity and demand" and intended to enlarge the Halifax factory to provide additional production and design facilities. Current order intake showed a "substantial" improvement over last year. Earnings per share were 1p (0.4p) and a dividend of 0.25p the first since 1990 - is proposed. The company plans to move from the USM to the Official List "in a few weeks".

Throgmorton Dual The split capital Throgmorton Dual Trust reported a rise in net asset value - from 718.3p to 727.3p per capital share – during the year to July 31.

Net revenue also showed little change at £1.58m (£1.57m), for earnings of 6.86p (6.82p) per income share. A maintained final dividend of 1.85p holds the annual total at 7.1p.

Lendu losses

Pre-tax losses at Lendu Holdings, which invests in irrigated and dryland cotton, cereal and beef cattle production in Queensland, were £87,000 for the year to June 30. Turnover was £589,000. Losses at the interim stage were £126,000.

The company said widespread drought in eastern Australia had led to a lack of any significant cotton crop, but this was partly offset by a bet-Earnings per share were 0.29p and the recommended dividend is halved to 0.25p.

Lendu achieved pre-tax profits of £1.15m for the 18 months ended June 30 1993 on turnover of £1.95m, including £549,000 from discontinued operations. Earnings per share were 8.68p. The change in the year end was to coincide with the cropping cycle of cotton.

Hadleigh disposal

Hadleigh Industries, the USMtraded storage tank manufac-turer, has sold its lossmaking Lynton offshoots to Inhoco 358 for some £490,000, of which £100,000 is deferred. Hadleigh will use the pro-

ceeds to reduce borrowings.

Goldsmiths buy

In a £838,000 cash deal, Goldsmiths Group, the retail jeweller, has bought the stock, fixtures and fittings of Winegartens, and has leased part of its premises in Bishopsgate, London.

At December 31 1993 Wine gartens had audited fixed assets and stock of £762,000. It reported a pre-tax loss of £7,000 for the year.

Badgerline purchase Badgerline, the Avon-based bus company, has bought Dur-bins Coaches for £540,000.

The vendors, Mr JR Durbin and Mrs BM Durbin, will receive £98,000 in cash, £295,000 in Badgerline shares and the balance in loan notes.

The Parks I

Contraction of the Contraction o

1810 © 370HD

nificant revenue from replaceissues has proved to be ment cartridges and also supa mixed bag. However, plies original equipment manufacturers, which incorporate the group's filters into their own compressors. A growing proportion of the industrial division's sales come from dryers, which use molecu-

City welcomes a breath of clean air

few companies have made as good an impression on the City as Domnick Hunter Group, a small manufacturer of filters for compressed air and liquids. The Typeside-based company came to the market in March through a placing which gave

it a market value of £65m. The flotation attracted a lot of interest, in spite of the shares being aggressively priced at 200p, or 21.5 times historic earnings. They have since risen to 262p, bolstered by last month's

announcement of a 29 per cent increase in interim profits and an upbeat trading statement. So just what is the attraction of this group, described by analysts os "a little gem" and "one of the best small companies I have ever seen"? investors have been impressed by the group's strong market position: it

of its output to 40 countries and managed to expand its sales and profits throughout About 75 per cent of the group's sales come from its industrial division, which makes filters that remove dirt. oil and moisture from compressed air. Its most sensitive

filters make air one million

times cleaner than the air we

exports more than 60 per cent

Domnick Hunter makes sig-

lar sieve technology developed in the US to produce clean dry air for the most critical of applications, such as paintspraying or the handling of sensitive electronic compo-

Mr Brian Thompson, chairman, says Domnick Hunter's real expertise lies not just in manufacturing, but in finding solutions for each application. The group uses computer-aided design to study how air flows through systems to establish the optimum size and positioning of filters.

All this adds up to an extremely lucrative business. which has a wide spread of customers both geographically and across a broad range of industries. The division currently enjoys a margin of operating profits to sales of nearly 20 per cent. However, what has most

excited analysts about its prospects is the recent move into making nitrogen generation equipment. In January it paid £1.7m for Nitrox, a manufacturer which it had been working with for several years. Mr Thompson says the group's new nitrogen genera-

of the year. Mr Thompson says: "The potential nitrogen market is

ter pharmaceuticals and liquids such as mineral water,



Brian Thompson: new nitrogen generators are attracting interest

tors, which he claims produce nitrogen gas from compressed air at a fraction of the cost of cylinder supplies, are attracting tremendous interest. Sales increased by 50 per cent to £560,000 in the first six months

huge. Bottled is 35 per cent of what is a £2bn worldwide mar-Domnick Hunter's other division is process, which makes sophisticated membranes to fil-

The business was established during the eighties to reduce the group's dependence on compressed air, but is still described as being in an evolutionary phase. Domnick Hunter is one of only a small number of international companies which can make these membranes. Although smaller than its US and German competitors, it has won more than

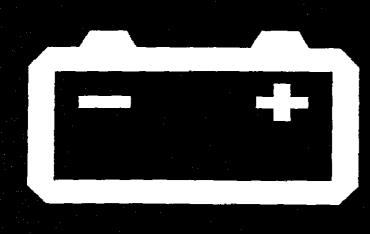
20 per cent of the UK market. The process division's sales rose 14 per cent to £4.2m in the first half, but heavy investment in an overseas sales net-

work caused operating profits

to fall from £151,000 to £51,000.

invested heavily in increasing efficiency. Both managers and employees are converts to Japanese methods of continuous improvement and just-in-time manufacturing. The enthusiastic atmosphere apparent at the plants - which are set in an area of high unemployment is fostered by regular team building activities. The price increase since flo-

tation means the shares are trading on a prospective multiple that represents a 60 per cent-plus premium to the market. However, the shares are tightly held. Given the group's quality and growth prospects. institutions which snapped up stakes are likely to stay on



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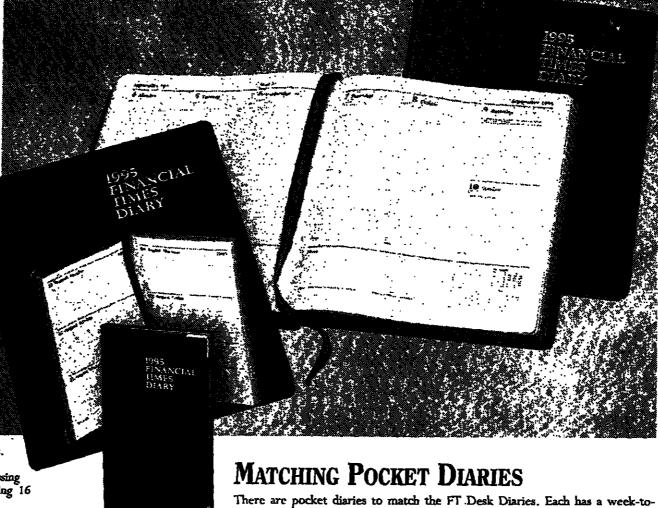
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Size: 267mm x 216mm x33mm.



view dated section which runs from December 19th 1994 to January 7th 1996 and contains 34 pages of business and travel information including a guide to hotels, transport and entertainment in London and other UK cities plus essential information for the major business centres of the world. A detachable personal telephone directory tucks inside the back cover. FT Pocket Diary Size: 159mm x 84mm x 14mm .

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1995 FT DIARIES						
Desk Diary, Black Leathercloth	DC	£28.82	£33.82	£33.09		
Pesk Diary, Burgundy Bonded Leather	DB	£49.89	£55.92	£52.31		
Desk Diary, Black Leather	DL	£78.85	£85.01	£76.96		
Pocket Diary, Black Leathercloth	PC	· £12.90	£13.30	£11.60		
Pocket Diary, Burgundy Bonded Leather	PB	£14.30	£14.63	£12.72	·	
Pocket Diary, Black Leather	PL	£15.49	£15.82	£13.73		
Pink Pocket Diary	PP	£14.96	£15.64	£13.74		
Pink Deak Diary, Black Bonded Leather	DP	£33.80	£38.18	£35.66		
Pink Desk Diary, Black Leathercloth	DPC	£22.49	£26.82	£26.03		
Slimline Pocket Diary	SP	£12.96	£13.36	£11.65		
European Deak Diary, Black Leathercloth	EDC	£26.73	£30.67	£29.33		
European Desk Diary, Black Leather	EDL	£47.27	£51.29	£46.81		
European Deak Diary, Blue Leather	EDBL,	£47.27	£51.29	£46.81		
North American Desk Diary	USDL	£41.10	147.09	£44.83		
North American Pocket Diary	USDP	£15.00	£15.34	£13.32		
Chairman's Set	CS	£149.27	£158.77	£1+1.63		
Personalisation						
Initials (up to 4 characters)*	1	£2,59	€2.59	£2.20		
Full name (up to 20 characters)*	N	£4.64	14.64	£3.95		

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LME urged to tighten its rules after Chilean losses

By Kenneth Gooding. Mining Correspondent

A call for the London Metal Exchange to introduce more stringent rules was made last night by Mr Juan Villarzu, president of Codelco, the stateowned Chilean copper group that last year lost about US\$200m on metals trading.

Using the LME's annual dinner to launch his appeal. Mr Villarzu expressed particular concern about the exchange's system of "carries at historical prices". He said: "Had you the opportunity to examine the trading contracts which Codelco entered into during amazed at the number of transdate and time of the transac-London Metals

Week He suggested that the LME's most valuable asset - its credibility – was possibly being jeopardised by "the abuse of certain practices which came to our attention while examining our last year's futures trad-

ing".

Mr Villarzu also called for producers and consumers to be given a bigger share in the

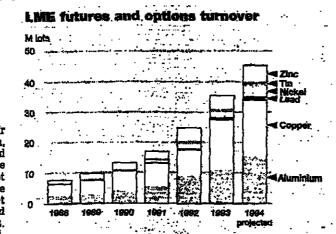
activity on the LME had grown

actions whose prices had no running of the LME. direct relationship with the Replying immediately, Mr Raj Bagri, the LME chairman, market prices ruling at the said that if any member had misused the historical price carries system "we will not hesitate to take appropriate action." However, market users could not be absolved from their responsibilities. "Failure of controls, supervision or systems at their end will not be an acceptable excuse for aiding and abetting

> Mr Bagri pointed out that the break-neck speed at which derivatives and futures trading had taken root and spread across the full spectrum of

any misuse of our markets by

their staff or management." he



financial and commodity markets "has in many instances left managements far behind in having in place adequate, effective and timely supervisory measures to monitor and con-

Nevertheless, the LME hoped to have in place by early next year measures "to limit any perceived dangers of historical price carries". losses had been suffered from its derivative and futures trad-ing, the LME had responded constructively to requests for co-operation from any properly constituted organisation inves

Exchange awakens to attractions of non-trade investment

By Kenneth Gooding

The London Metal Exchange once was hostile to fund and other non-trade activity in its markets, said Mr David King, the exchange's chief executive vesterday, but now welcomed this business because it enhanced liquidity and therefore reduced volatility. However, although fund

significantly in the past few months, it was not nearly as large as occasionally portrayed in the media and represented less than 5 per cent of the exchange's turnover.

Funds were attracted to the LME by the apparent potential for metals price rises based on genuine fundamentals. Also "the LME now has a very deep,

liquid market compared with the size of market it had at the time of the last [economic] recovery, and financial engineering and rocket scientist technology which was now widely available - and all the ingredients were there for funds, in various guises, indices, warrants and other products, to move in and create positions in LME's market."

increased sixfold in six years to 35.3m "lots" in 1993, equivalent to 800m tonnes of metal valued at US\$1,000bn, he pointed out at a conference organised by Metal Bulletin. In 1994 turnover would increase by another 35 per cent to about 45m lots, or nearly \$2,000bn. LME users needed to adjust in future to a new "fundamen-

tal" in LME price discovery, said Mr King. "Along with sup-ply/demand levels, rock blasts, miners' strikes and LME stock levels there must be added the fundamental of non-trade activity - the movement of funds into or out of LME markets, driven by their own trading strategies or chart points, causing with their movement. a movement in LME prices.

MARKET REPORT

Gold price finds support after touching 6-week low

The GOLD price dipped to the lowest level since the end of August at the London bullion market yesterday before struggling back up a little in what one dealer described as "a bit

of a dead cat bounce". "But at least it seemed to have found a level and may even be trying to break through on the upside," he added as the price closed at \$388.25 a troy ounce, down \$2.25 on the day and \$4.45 on the week so far, but \$2.75 above its lunchtime low.

Bullion's shaky morning was prompted by a lacklustre performance on Monday and Aus-

COMMODITIES PRICES

BASE METALS

tralian producer and commission house selling finding the market long, dealers said. They added that disillusionment had set in for the longs after the price failed to get through \$400 an ounce when

apparently well primed two

weeks ago and to a lesser

"It may pick up from here," one suggested. "It needed this to clear out the tired longs." London Metal Exchange COPPER prices staged a sharp mid-afternoon rally after hearing that the cheapest offer to the US Mint at its tender yes-

firming that high premiums ruled in the US market, dealers

Short-covering and speculative buying saw the three moths price climb from an early low of \$2,464 a tonne to close at \$2,486, still down on its terday was \$2,575 a tonne, conearlier high of \$2,506 and \$\$5.50

LME WAREHOUSE STOCKS (As at Monday's close) Dealers said copper earlier fell under speculative and stop--22,150 to 2,245,650 unchgd at 25,560 -13,875 to 333,500

GRAINS AND OIL SEEDS

WHEAT LCE (C per torsne)

loss selling but appeared to find support below its medium term trendline at \$2,470. They -175 to 368,575 +240 to 148,592 -1,575 to 1,235,675 -250 to 31,935 noted that a big fall in LME stocks had been reported in the morning as metal continued to be shipped from Europe to the premium US market.

At the London Commodity Exchange COFFEE futures shrugged off an early plunge to end the day significantly higher, helped by a short-covering rally and increased roaster buying.At the close the January position was quoted at

day and \$183 above the morn-

The early fall was prompted by a weak close on Monday in New York: But traders said that they then noticed increased roaster and trade buying. "Being a lot cheaper, they will be a lot more comfortable buying at these levels," one explained.

OIL prices moved in a fairly narrow range as uncertainty about the implications of the Gulf crisis for future supply led dealers to adopt a cautious Compiled from Reuters

MEAT AND LIVESTOCK

ELIVE CATTLE CME (40,000 ba: cents/ba)

Sett Dey's Open price change High Low list

67.425 +0.550 67.800 68.500 10.048 10.786 88.675 +0.075 88.800 67.600 28.977 9,413 87.925 +0.000 87.950 68.850 15.879 2,883

42 55 69

Zambia seeks partner to develop copper mine

Outright privatisation of the giant Konkola deposit is ruled out, writes Leslie Crawford

he government of Zambia is likely to hive off the massive ore body of Konkola from the state-run Zambia Consolidated Copper Mines in an attempt to attract foreign loan or equity capital to develop the \$600m project. President Frederick Chiluba

acknowledged in an interview that private investment was urgently required to reverse the ailing fortunes of Zambla's copper industry, which remains the fulcrum of the economy. Since nationalisa-tion, copper production has nose-dived from a peak of 700,000 tonnes a year in the mid-1970s to below 400,000 tonnes. Output is forecast to halve again by the turn of the century unless the Konkola Deep deposit, with mineral resources of 381m tonnes containing 3.5 per cent copper, can be brought into operation before 2CCM's existing mines

are exhausted. "New projects, such as Kon-kola, should be able to attract private investment on their own," President Chiluba said. To make the project more attractive to foreign investors, he said Konkola might he run as a subsidiary of 2CCM, free from the parent company's financial constraints.

President Chiluba's plan, however, stops short of outright privatisation. Both he and ZCCM's management are searching for formulas that would keep Konkola under state control. "Konkola is the jewel in our

crown," says Mr Edward Shamutete, ZCCM's chief executive. "If we privatise Konkola the rest of ZCCM is a dead duck."

The government has already turned down an offer by Anglo American Corporation of South Africa to lead a consortium that would develop Konkola as an independent joint-venture relegating ZCCM to a minority role. Anglo American is disappointed. As ZCCM's main minority shareholder, having retained a 27 per cent stake in the company following nationalisation, the South African mining house is as anxious as the government to get Konkola

off to an early start. Mr Shamutete believes ZCCM could raise the \$600m required to develop Konkola if the government were to lighten the company's \$740m

and how privatisation will take place is less certain. The cabinet last week rejected a report by German consultants that recommended the carve up of ZCCM into five

ernment's stated goal. When

units for privatisation. Not surprisingly, both Anglo American and ZCCM's manage ment were also opposed to the options outlined by Kienbaum Development Services, the German consultants. Mr Anderson

Mazoka, Anglo American's

managing director in Lusaka,

believes the company would be

better managed as a single unit

under one group of shareholders. "The break up of ZCCM

would lead to the rapid closure

'Konkola is the jewel in our crown. . . If we privatise it the rest of ZCCM is a dead duck.'

debt burden by absorbing \$220m owed to the Paris Club of creditor nations. Earlier this year, the ZCCM board appointed Nikko Securities of Japan to put together a loan package for Konkola. But few believe Nikko will be success-

2CCM's chief executive knows that he is in a race against time. In the meantime, his own

investment budget is shrinking. Low copper prices drove ZCCM's operations into the red last year, with the company posting losses of \$135m in the six months to March 1994. A short-term recovery plan, which includes slashing ZCCM's investment budget from \$150m to \$105m this year and making redundant 10,000 miners - one-fifth of the workforce - is behind schedule. Mr Shamutete admits that by September production of finished copper was still 7 per cent below target and that efforts to lower production costs had only met with partial success. His aim is to transform

ZCCM into an efficient, low-

cost producer ahead of privati-

sation, which remains the gov-

of the less profitable divisions," he says. He believes the negotiations to sell off separate units would be long and costly and would open up opportuni ties for corruption. Few doubt that if ZCCM were to be privatised as a single unit Anglo American would become the controlling share-

also politically unacceptable to the government, as it would place the country's entire copper wealth, and the source of 90 per cent of Zambia's export earnings, in the hands of one multinational. President Chiluba says he

plans to commission another study into ZCCM's options for privatisation. He admits that the sheer complexity of the exercise as well as the absence of a national consensus on the issue make it unlikely that ZCCM will be privatised during his present term of office. which ends in 1996.

SOFTS

E COCOA LCE (E/tonne

LONDON METAL EXCHANGE (Prices from Amalgameted Metal Trading) # ALUMINIUM, 99.7 PURITY (\$ per tonne) 1618.5-7.5 1835.5-6.0 Prévious High/low AM Official 1841/1830 1619.5-20.5 Kerb close Open int. Total delily turnov 253,383 21,317 M ALUMINIUM ALLOY (\$ per tonne Close Previous High/low AM Official Kerts clase E LEAD (\$ per tonne) Close Previous High/low AM Official 623.5-4.0 Kerb close Open int, Total daily turn ■ NICKEL (\$ per ten Close Previous High/low AM Official TIN (\$ per tonne Close Previous High/low AM Official 5270-80 M ZRNC, special high grade (5 per torme Close Previous High/low AM Official 1033-4 Korb close # COPPER, grade A (5 per tome 2473-4 53,136 LME Closing C/S rate: 1.5805 HIGH GRADE COPPER (COMEX)

114.00 -0.40 112.60 112.60 790 113.55 -0.35 - 456 113.15 -0.35 113.50 111.60 6.515 PRECIOUS METALS

M LONDON BULLION MARKET 389.80-390.20 245.710 245.038

Gold Coln

390.00-390.50 285,00,286,50 390.30-390.70 Previous closes d Londing Rates (Vs USS) 12 months 3 months 6 months 1 year

555.75 563.20 570.90 589.55

M GOLD COMEX (100 Troy oz.; \$/troy oz.) -3.1 388.5 387.8 158 -3.2 -3.2 392.5 38R.0 108.658 15.846 -3.2 395.9 391.3 20,007 -3.2 399.5 396.5 7,194 -3.3 402.7 400.0 10,361 R PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)

Precious Metals continued

ENERGY CRUDE OIL NYMEX (42,000 US galls, \$/barrel)

E CRUDE Oil, IPE (\$/barrel) # HEATING OIL NYMEX (42,000 US gails.; c/L/S gails.) +0.01 51.05 51.00 31,805 3,197 +0.01 51.05 51.00 31,805 3,197 +0.18 52.20 51.55 18,338 975 +0.06 51.95 51.50 11,948 635 - 4,770 428 M/A M/A

Sett Oay's Open price change High Low int 152.79 -3.25 154.50 151.75 21,928 155.50 -2.75 157.25 154.75 30,192 0 6,416 135 0 6,175 389 113,653 28,654 160.50 -1.75 160.75 160.00 6.416 M NATURAL GAS WINEX (10,000 mmBill; S/mmBill) 1.890 +0.022 1.690 1.656 27,020 9,177 2.000 +0.025 2.009 1.975 28,674 2,705

2009 +0.035 2009 1.975 2057 2.105 +0.035 2.115 2.090 17,177 2.050 +0.030 2.070 2.035 14,459 2.013 +0.030 2.020 1.995 12,032 1.970 +0.029 1.970 1.965 7,099 NYMEX 142,000 US galls.; c/US galls.) 47.40 +0.35 47.70 46.80 23,799 8,957 55.60 +0.21 55.70 54.85 17.048 4.000 +0.21 55.70 54.85 17,948 -0.05 55.00 54.35 10,612 -0.20 54.85 54.30 5.269

103.60 -0.15 103.95 103.35 1.945 103.55 -0.20 108.00 105.45 1.962 187.70 -0.20 108.15 107.50 1,421 109.85 -0.25 110.00 109.4\$ 1,383 111.85 -0.35 112.00 111.50 263 95.25 -1.15 96.00 98.00 10 +9/2 418/0 412/6 47,125 +4/0 425/4 420/6 21,831 +3/0 396/4 391/4 3,173 +1/6 358/0 354/4 7,543 +2/6 351/4 358/4 165 +2/0 370/0 369/0 129 MAIZE CST (5,000 by min; cente/58th bushel) Dec Har May Jul Sep Dec Total - 214/6 213/4 13/23/4 13/345 +0/2 224/6 223/4 49/993 2,425 +0/2 232/0 230/6 21/961 1,814 +0/6 237/0 238/0 24/295 2,428 +0/6 24/0 24/0 1,835 257 +1/2 24/90 24/8/2 9,285 538 SOYABEANS CST (5,000bu min; cents/60to bushe) \$32/2 +2/4 \$3330 \$2944 76,251 16,017 \$43/4 +2/6 \$440 \$40/4 27,175 3,392 \$53,0 +2/5 853/4 850/2 17,256 1,667 \$51/4 +2/6 \$51/8 859/0 7,955 348 \$57/6 +2/2 \$58/4 \$68/0 14,345 \$52 \$70/2 +2/0 \$71/2 \$68/4 \$18 38 M SOYABEAN OIL CET (80,000lbs: cents/lb) 25.33 +0.38 25.38 24.96 7,857 1,974 23.95 +0.17 24.09 23,77 38,152 7,133 23.48 +0.12 23.60 23,35 11,140 1,626 23.25 +0.10 23.34 23,12 12,857 975 23.08 +0.13 23.15 22,95 8,923 807 22.92 +0.11 23.00 22.80 8,286 285 SOYABEAN MEAL CBT (100 tons; \$/ton) +0.8 161.5 160.3 3,018 1,064 +0.2 161.8 160.8 46.236 7,539 -0.1 163.2 162.3 15,422 1,190 +0.3 166.2 162.0 12,465 706 - 169.3 168.0 7,315 372 -0.3 171.9 171.3 8,251 365 93,194 11,913 POTATOES LCE (E/tonne) -3.5 222.0 218.0 1,302 IN FREIGHT (BIFFEX) LCE (\$10/index point)

Minor Metals
European free market, from Metal Bullium, 3
per 10 in warehouse, unless otherwise stated
(last week's in bractets, where changed). Andmony: 95.6%, 3 per bonns, 5,760-5,870 (5,7305,830, Barmutin min, 99.9%, forher lots 3.654.00 (3.75-4.00). Cadmium: min, 99.5%,
200-215 (200-223) cents a pound, Cobalit: MB
free market, 99.6%, 27.50-28.50 (27.50-28.75);
99.3%, 25.50-26.75. Mercuny: min, 89,99%, 3
per 76 ib Bask, 110-135 (110-130). Molyherinam: drummed molybotic oxide, 4.10-4.30
(3.80-3.95). Selenium: min 99.5%, 3.35-4.65.
Tungsten one: standard min, 65%, 3 per forms
unt (10xg) WO₂, cf., 45-65. Vanadium: min,
98%, cf., 1.35-1.50. Uranium: Nuexcoexchange value, 7.00 (7.10).

942 976 987 928 24,828 900 962 40,107 2,069 978 12,968 442 Jei Sep Dec Total 1025 8,218 ■ COCOA CSCE (10 tonnes: S/lonnes) 1255 33,624 2,596 1309 20,425 1,445 1339 7,846 16 1368 2,851 43 1400 1,303 -1422 4,960 2 1268 1321 1345 1383 1400 1427 74,577 4,220 M COCOA (ICCO) (SDR's/tonne) +111 3568 3370 8,274 1,430 +87 3832 3391 14,417 3,468 +75 3450 3315 7,751 2,417 +60 3425 3330 2,687 390 +45 3960 3345 1,309 321 +67 3375 3320 1,617 377 3559 3633 3459 3428 3388 3380 184.40 +4.85 187.75 180.75 18,339 8,749 188.70 +4.65 192.25 184.50 11,050 3,526 191.90 -9.00 194.90 191.90 4,077 213 182.95 -9.00 195.00 192.95 1,383 48 193.75 -8.75 194.75 183.60 803 31 194.50 -8.40 186.00 182.99 840 4 34,802 12,571 E COFFEE (ICO) (US cents/pound) Comp. daily 174.82 182.43 15 day average 199.87 202.08 III No? PREMICHA RAW SUGAR LCE (cents/los) 336.00 -3.20 329.40 325.50 3,655 324.10 -5.20 328.00 324.00 8,217 323.00 -5.10 328.20 324.01 1,425 328.40 -5.00 327.70 323.30 1,775 308.50 -4.10 311.00 311.00 351 307.40 -4.10 11.00 31.00 351 SUGAR "11" CSCE (112,000fbs; cents/fbs) 135,477 4,381 COTTON NYCE (60,000lbs; cents/fbs) 68.50 +1.02 68.80 67.88 27,680 2,111 70.19 +1.51 70.40 68.40 11,915 658 71.25 +0.92 71.50 70.70 5502 180 72.90 +1.90 72.25 71.50 3,558 64 69.25 +0.55 88.50 68.10 1,918 27 68.15 +0.75 68.98 68.10 1,918 27 68.15 +0.75 68.98 68.10 1,918 27 68.25 250 2790 Dec Mar May Jul Oct Dec Total 93.65 +2.45 93.78 91.60 9532 97.25 +2.15 97.50 95.10 5,378 100.70 +2.10 101.90 98.70 4,803 104.20 +2.10 102.80 102.50 1,161 +2.10 102.80 102.50 1,161 +2.10 625 +2.10 109.50 109.50 296

E CRB Futures (Base: 1967=100)

83.175 +0.825 68.200 67.275 11,019 84.825 +0.600 84.850 84.250 2,962 84.050 +0.425 84.100 83.650 1,268 34.575 +0.200 35.100 34.550 1.854 2,315 36.850 +0.125 36.125 35.550 16.412 2,063 37.350 +0.050 37.825 37.275 8,480 560 37.475 +0.075 37.900 37.450 3,348 211 37.475 +0.075 37.900 37.450 43.175 +0.200 43.250 42.925 42.475 +0.025 42.500 42.400 PORK BELLIES CME (40,000lbs; cents/lbs) 40,500 +0.250 40,700 40,200 8,055 40,600 +0.250 40,825 40,300 835 41,856 +0.275 41,900 41,500 266 42,300 +0.200 42,430 42,100 246 41,500 +0.200 41,500 41,150 56 LONDON TRADED OPTIONS I COFFEE LCE Dubei Brent Stend (deted Brent Stend (Nov) W.T.L (1pm est) Gas Qi Heavy Fuel Oil Naphtha

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one ■ REUTER\$ (Base: 18/9/31=100)

Oct 10 month ago 2067.0 2097.1

LONDON SPOT MARKETS \$17.87-7.89t \$91-94 Gold (per troy oz) \$ Silver (per troy oz) \$ Platinum (per troy oz.) Palladium (per troy oz.) Copper (US prod.) Lead (US prod.) -0.12 Cattle five weight)† Sheep (live weight)† Pigs (live weight) Lon. day sugar (raw) Lon. day sugar (wie) Tate & Lyle export Barley (Eng. feed) Malza (US No3 Yellow) Wheat (US Dark North) Coconut Oil (Phil)§ Paim Oil (Melay.)§ Copra (Phili)§ Soyabeans (US)

No.8,582 Set by CINCINNUS **ACROSS** 6 On my soul, I find it altered

CROSSWORD

1 Gold recovery, so we hear (7) 5 Saw lead inscribed with dog's inauspiciously (9)
7 Be sorry for headless bird (5) Doctor, getting duck to go in brook, shows what is (undaname (7) mental (7)

14 Washer of Los Angeles strip 10 Intruders, disturbed or other-

wise (9)
11 I'd grass on misleading informers, by the way (4-5) (9) 16 Bird climbing exotic trees in 12 Surpass an alfresco celebracity (9) 17 Requires too much of public tion (5)

13 Shakespearean spirit I detected in parts of Lear (5)

15 Urban residents know lofts

**The Department of Education and Science ever out to respect to the converted (9)

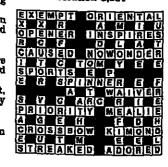
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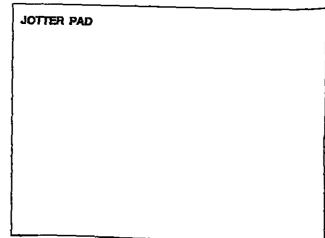
19 Return to surrender (5)
21 Some people wear medals when carrying weapons (5)
22 Coats need woven yarns (9)
23 Able to contend, not being disheartened (9)
26 Packer the pugilist (5)
27 Reassigns roles, introducing new actress (7)
28 Again put into

new actress (7)
Again put into circulation obsolete foreign coins and DOWN

French and Spanish and odd 2 Francs taken into account giving a boost to the economy

3 House and ground (5)
4 Child acquiring foreign tongues within a year (9)
5 Poles finding employment (5)





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LONDON STOCK EXCHANGE

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MARKET REPORT

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US influences drive shares ahead at the close

By Terry Byland, UK Stock Market Editor

Excellent trading results from some of the big names in US industry gave a final boost yesterday to a London stock market already looking confident in early trading. The FT-SE 100 Share Index closed 40.7 up at 3,073, spurred on by the

December futures contract on the

index which closed comfortably

above 3,100. Institutional buyers came into the equity market towards the close as Wall Street's opening strength put 40 points on the Dow in UK hours and activated limit restriction on index-linked trades. The indications of a resurgent US economy drew further encouragement from firmness in Federal bonds, implying that inflation worries had not been

reawakened ahead of Friday's stock market. The FT-SE Mid 250 important statistics on US industrial production.

London was a little less sure of itself than the gain in the Footsle suggested. Until Wall Street opened. the gain on the Index was only around 25 points and trading volumes moderate. In the final hour of trading blue chip stocks swept ahead behind a strong US dollar. Concerns over inflationary pres-

sures in the UK will be tested this morning when the announcement of the September retail price index will be followed by data on average earnings and unit wage costs. Analysts have been impressed by the rally in UK bonds but remain uncertain over likely trends in German and US bond markets.

Second line issues were somewhat left behind in the late rise in the

Index was content with a gain on the day of 24.1 for a closing reading of 3,506.9. Non-Footsie business made up nearly 58 per cent of yesterday's total, at the lower end of average daily trading patterns. Private investors, traditionally active in the second line issues, have been unwilling to trade in equities in

recent months.

The return of Wall Street to fully active trading after the Columbus Day break, which closed the Federal bond markets, was reflected in a similar return to normal business levels in London. The Seaq total of 662.3m shares in London yesterday was around 36 per cent up on the previous session, although retail business remained satisfactory at £1.42bn in Monday's session.

Oil shares, although still firm,

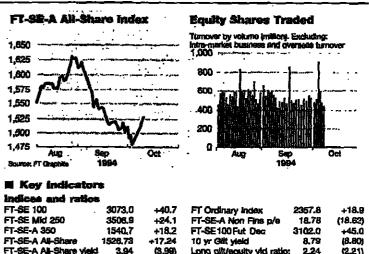
events in the Middle East. The strongest gains came in those UK companies where profits are most closely linked to the fortunes of the US currency. Glaxo, HSBC and Unilever were all firm spots. An exception was Cadbury-Schweppes, upset by news that Virgin, Mr Richard Branson's airline and retail group, plans to launch a cola drink, in association with a North American group; Cadbury, jointly with Coca-Cola, produces Coke in the UK market. A generally favourable reading of the IG Metall union's decision on the impending pay round benefited UK construction stocks with expo-

sure in Germany. Consumer stocks showed little nervousness ahead of tomorrow's store groups such as Marks & Spen- prices before the end of this year.

cer and Sears made progress. These sectors have suffered severely in the recent shakeout and were seen as in line for a rally. However, trading volumes in these shares was modest yesterday, as institutions preferred the international blue

The advance on Wall Street was welcomed by those UK analysts who have pointed to the narrowing of the gap between the New York and London markets and identified it as a factor favourable to UK equi-

But some pointed to the unwill-ingness of UK government bond prices to share in the general advance yesterday, noting that recovery in UK bonds is still seen as nervousness ahead of tomorrow's the necessary driving force behind the keenly-awaited upturn in share



+3.2

+3.0

+2.9

insurers on bid alert

Composites surged ahead on a mixture of takeover rumours mainly prompted by talk that Allianz, the German insurance group may sell its Cornhill subsidiary and launch a bid for another UK insurance group. Commercial Union settled 15 ahead at 545p, General Accident 21 to 584p, Guardian 10% to 195%p and Son Alliance 7%

//Stock index futures powered

cash market widening at times

to more than 30 points, writes

FT-8E 100 INDEX FUTURES (LIFFE) 625 per tull index point

Open Sett price Change High

FY-SE MID 250 INDEX FUTURES (LIFFE) 210 per full index point

III FT-SE MED 250 INDEX FUTURES (OML)() 210 per full index point

IS FT-SE 100 INDEX OPTION (LIFFE) (5073) \$10 per full Index point

2825 2875 3025 3075 3126 3176 3226 2275
168 42 12213 8 7512 1312 43 28 21 56 712 9212 312 13172 112 18512
1801 1802 1802 2802 11612 43 8512 8112 80 5 38 11442 2512 15012 1312 13012

2400 2450 3500 3650 2600 3650 3700 3750 135 801, 118 104 874, 1301,

III EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) 210 per full index point

IN EURO STYLE FT-SE MED 250 INDEX OPTION (CARLX) 210 per lui index point

FT - SE Actuaries Share Indices

Dec - 3535.0
All open interest figures are for previous day, ? Exect volume shows.

· 3505,0 3645,0 +45.0 3545,0 3606,0

3053.0 3102.0 +45.0 3112.0 3038.0 3084.0 3126.0 +44.5 3098.0 3084.0

Jelfrev Brown.

Callo 1,271 Pata 11,862 * Un

ahead with premiums to the

Legal & General, viewed as a prime bid target in life/general insurers, ran up 11 to 456p. Prudential moved up 9 to 308p. Of the smaller stocks United Friendly added 2 at 505p, Bri-tannic 10 to 406p and Refuge 8

to 279p. Aggressive buying of the traded options was said to have been the catalyst for a 21 surge in Lloyds Abbey Life to

C & W hints

EQUITY FUTURES AND OPTIONS TRADING

Persistent talk around the markets that some sort of a deal is in the making at Cable to 331%p. Royals added 5 at & Wireless, possibly involving

The FT-SE 100 December

higher at 3,102, moving above

mid September and extending

Low Est vol Open int.

3038.0 18456 55208 3084.0 744 2176

3,100 for the first time since

contract closed 45 points

a demerger of the group's Mercury telecommunications business, was the catalyst for another surge in the shares. C&W were the heaviest

traded and best performing stock in the FT-SE 100 index. the stock racing up 20 to 415p. Turnover reached 16m shares, the highest since January. C&W shares touched 538p at the start of the year, and where trading around 478p in August before plunging to 382p a week ago, plagued by worries about competition from the likes of BT's Cellnet and Hutchison's Orange cellular

phone networks. Many analysts said stories of

its rally to 128 points in four

premium to the cash market

was 29 points against a fair

value premium of around 16

Virtually all the day's gains

were made from lunchtime

into the picture showing a

strong advance.

of genuine business.

onwards, moving ahead very fast once Wall Street came

Volume, which was a dreary

10,657 on Monday, jumped to

4:10pm close, but traders said

The speed and acceleration

there was a marked absence

of the afternoon upswing

caught some traders on the

hop and there was talk in the

market that a number of short

positions taken in the morning

session had been severely

Volume in traded options

FT-SE volume accounted for

most actively traded individual

The UK Series

P/E Xd adj. Yotat ratio ytd Reburn

stock aution with 2,000 lots

dealt followed by British

Airways with 1.792 lots.

rose strongly, jumping to

43.931 lots from 24,420 on

Monday. FT-SE and Euro

27,600 lots.

14.793 contracts at the official

days. At this level, the

points.

(APT)

a possible demerger of the Mercury telecommunications business had been revived and were still wide of the mark by leading analysts but C & W had expressed deep disappointment with the market's treatment of

its share price. Dealers noted exceptionally heavy turnover in the shares recently and pointed to unusually heavy activity in out-ofthe-money calls - indicating high speculative support. They also mentioned keen support from some big institutions, regarded by traders as having top quality contacts in the tele-coms industry. A number of brokers have been promoting C & W in recent weeks, notably

TRADING VOLUME

Major Stocks Yesterday

2ft ASDA Group†
ASDA Group†
ASDAY Nasional†
Aboar Paher
Agied Domeoch
Argos Group†
Argos Group†
Argo Wagner
Argo Wagner
Aston. Birk. Foods†
Aston. Birk. Ports
BAAT
BET
BET
BSC
BOC†
BSC
BST

Vol. Ciceing Day's 900s price change

Hoare Govett who yesterday maintained the shares were still undervalued.

Hanson weak

Conglomerate Hanson stood out as a weak feature among leading internationally traded stocks which were boosted by

a surge in the dollar. Interest in the shares was said to have been dampened by particularly heavy selling in New York late on Monday. Dealers said Goldman Sachs the US investment bank sold two blocks of 750,000 American Depositary Receipts (ADRs) at \$18 and \$18%, equivalent to 7.5m shares at around 228p a share, on behalf of a client. The London traded shares eased slightly to 2281/p yesterday with 6.5m traded by the

Elsewhere, Zeneca remained restrained by the reported attempt of one UK investment bank to place 2m shares and closed 2 lighter at 750p. However, pharmaceuticals rival Glaxo jumped 13 to 585%p as the group announced that 14.68 per cent of its shares were held in the form of ADRs. The figure was down from the previously recorded 15.88 per cent but much as expected. Tobacco and insurance conglomerate BAT Industries jumped a further 9 to 450p, its shares helped by takeover speculation in the insurance sector.

Brokers move Insurance sectors moved into

insurance specialist.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (15). DIVERSIASO MOLS (1) Whitecolt, ELECTRAC Diversing Hulls (1) wateron, teacher & ELECT SOLE (1) LPA Inda., Dicher (1) 600 Group, ECTRACTIVE HOS (2) Deortfornin, Bindered, UNVESTMENT TRUSTS (4) LESSINE & HOTELS (1) Me

TRAMSPORT (1) GG-Weed, SOUTH AFFICANC (1) SASOL.
NEW LOWE (64).
NEW LOWE (64).
NEW LOWE (64).
Lockers (60) Pr., Olicia, Rose, Vardy (7).
Welpec, DIVERSIFED INDLS (6) Kneever (8, Pacific Dariello, Saler, Do West, ELECTRING (8) CELECT SOUP (6) Control Tach., Process Systems, Videologia, Shidapitzering (6) GELECT SOUP (6) Control Tach., Process Systems, Videologia, Shidapitzering (6) GELECT SOUP (6) Control Tach., Process (8), Well-SCLES (7) Moyer Videol, STORACTIVE INDS (4) Recolans, PROLECTED (7) Moyer Videologia, Charles, PROLECTED (4) MOYETHER (7) CORPARISES (8) Humpstein, Portugal Pri., Roboco Suc., LERGURE (4) NOTES (7) Apha.
Airporta, MISTICHANT SANIGE (1) Joyler & Airporta, MISTICHANT SANIGE (1) Seiger & Robeco Sub., LESSUSTE & HOTELS (1) Agina Airporta, MERCHANT EANISC (1) Single & Finderinde, OTHER RIMANCIAL (2) EDV Enfourment, Chiefle, OTHER SERVIS & BURNE (1) Lendu, PRTING, PASES & PACIDO 49 Bornzole, Brit. Thombon, Forguson Inti. Senti, PROPERTY (5) Casetardied Stipc Prf., Herring Balter Herrin, Prior, Propanty Trast, Santie, Starbope, RETALLERS, FOOD (1) Marchant Reball, RETALLERS, GENERAL (7) Asprey, Bessite (8) A. Cartora, Country Casselle, Foo An Dova, Lloyde Chemistr 79sp 4rf., Person, SUPPORT SERVIS (2) ACT, MR Delle Maragement, Microgen, TEXTSLES & APPAREL (8) Beciman (4), Peridant, TRANSPORT (1) P. & O Dick, AMERICAMS (1) Ingernol-Rend.

dealers reacted to continuing takeover speculation plus a more positive view of the insurance brokers from BZW, a leading light in the sector. The broking stocks made rapid progress with some dealers still convinced a predatory move against Willis Corroon could be in the offing. "If a serious bid was made for Willis the management would be vir-tually defenceless," said one

Big blocks of Willis shares have changed hands in recent weeks with PDFM, one of the

Best performing sectors

Building & Construct

Telecommunications

Isurance

5 Life Assurance .

Merchant Banks

UK market's biggest institutions increasing its stake to over 11 per cent and another big buyer said to have been operating. HSBC is seen as a strong contender for Willis. Willis shares rose a further 6

to 161p yesterday, after turnover of 1.7m shares. Sedgwick, the UK's biggest insurance bro-ker, jumped 8 to 156p on 1m traded. Much of yesterday's interest was triggered by a positive note from BZW whose insurance team shifted its long-term stance on the sector from underweight to neutral with Sedgwick shifted to a "buy" and Willis from "sell" to

BZW said it had visited the US operations of Sedgwick, Willis Corroon, and JIB as well as the big US groups. The broker said it viewed the underperformance of the sector as "too severe" and said many stocks now appear to be suffering punishment ratings. BZW said Sedgwick has a "sensible" group strategy and is likely to a winner in an industry which is likely to be restructured in coming years.

Airports group BAA rose 8 to 504p in 5.1m trades for a two-day gain of 30p as a stream of favourable air transport news added potential spice to tomorrow's September traffic figures from the company. Strong passenger flows from British Midland Airways, air fare cuts on a number of Far

Airways to restart "open skies" policy talks this month with US airlines all helped to concentrate market focus on BAA's volume background. British Airways put on 614 to

Worst performing sectors

1 Oil Exploration & Prod..

Electricity

371½p. Whitbread rose 13 to 539p, in

good trade of 1.2m. Cider maker HP Bulmer was a particularly strong feature in the drinks sector. The shares jumped sharply early in the

session after details of the previous three months trading were reported in the market, taking analysts by surprise. Calls by some City firms for further information were followed by release of an official trading statement from the company in the last hour of market trading. The shares

closed 8 ahead at 433p. The day's single biggest trade was carried out in retailing group House of Fraser bringing turnover to 25.9m by the close. The shares eased a

penny to 207p. The trade, representing around 5.5 per cent of the com-pany's equity, was carried out by NatWest Securities below the market price.

Amersham International jumped 17 to 943p as the company announced it had acquired 20 per cent stake of Nihon MediPhysics, Japan's leading nuclear medicine

MARKET REPORTERS: Steve Thompson. Peter John, Joel Kibazo,

Jeffrey Brown.

Eastern and trans-Atlantic routes and plans by British ■ Other statistics, Page 23

942

322

Net Div. Grs. P/E +/- div. cov. yid net

338 105 311

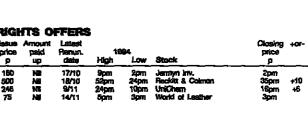
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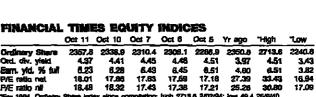
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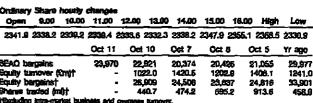
LONDON EQUITIES

LIFE	E EQUITY OPTIC	INS	RISES AND FALLS YESTERDAY
Cara.	Calls Puts		British Punds Other Flood Interest
Option Option	Oct Jan Apr Oct Jan Apr	Option New Feb Many New Feb May	Mineral Extraction General Manufacturers
Mari (Itamecq (*577)	540 41% 1%	Hanson 220 1414 18 21 4 814 12 (7228) 240 414 8 12 15 20 23	General Manufacturers Consumer Goods
liggell .	260 814 1714 25 514 17 2014	Laterne 154 9½ 7½	Services
264) SDA	280 21/4 9 16 20 281/2 321/4 80 3 7 81/4 2 41/4 51/4	(*154) 180 2 514 814 2814 3014 32 . Lucas lads 180 15 18 24 514 914 1314	
BT)	70 1 3 4% 9% 11 11%	(°192) 200 5 10 15 1716 21 25	Finencials
at Alreane	350 18½ 30 40½ 4 15½ 22½	P & 0 600 23% 41% 51% 19 29 45%	Others
372 }	390 4 17 25% 21 32% 36%	(*600) 650 51% 19 291% 55 61 75% Pilangian 180 11 % 151% 21 5 91% 121%	Totals
alii Belan A	420 17 30% 39% 5% 18 25%	(*185) 200 3% 7 12 18 22% 24%	Data based on those companies fisted on the London Share
430 } loots	460 2 13 22 32% 42% 49 500 17% 33 43% 5 16 26	Prodential 300 171/2 26 30% 6% 12 19%	
511)	550 1% 12% 22 41% 50 55	(308) 330 4½ 12 15½ 25½ 29 37 RTZ 850 54½ 77½ 87½ 8½ 22½ 37½	
P	390 33% 41% 50% 1% 7 13	(1888) 900 23 48% 89% 29 45 61%	TRADITIONAL ABTIONS
420)	420 81/2 23 33 8 19 2519	Redami 450 251/4 40% 49 10% 18 32%	TRADITIONAL OPTIONS
1865) 187)	180 10 16 22% 2 7 9% 180 1% 7 13 14 18 20	(*471) 500 8 22 30 34 40% 56% Royel Index 280 25 34% 39% 8 12% 17%	First Dealings October 10 Explry Last Dealings October 21 Settler
25a *	500 28 46 58% 25 15% 21%	("294") 300 13 23% 29% 15 21% 28	
530)	550 3 18% 25% 24% 43% 48%	Tesco 220 24 29% 35% 2% 6 10%	Cells: Aminex, Bluebird Toys, Cable & Wireless Seaffold, Tullow Oil. Puts: Aeprey. Puts & Calls: HSB
	390 30% 42 53% 2 14 19%	(*239) 240 914 1714 23 914 15 19 Vodetone 200 12 18 2414 614 12 15	anditional tempts off ; pers subsets; ; one or person than
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451)	480 7 22 2214 14 2814 3214	Witness 225 17% 8 (234) 354 4% 24	
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-		BAA 600 1274 25 36 1/4 8/4 13	lesue Amt Mikt. Drice pald cap 1994
1 116)	900 26% 53 69 8 25% 44% 850 4% 28 44% 39% 53 72	("503") 625 3 13% 24 25% 32% 37	price pald cap 1994 p up (2m.) High Low Stock
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(Č 6)	500 11 27 43% 14% 27 38%	Option Dec Mar Jun Dec Mar Jun	- F.P. 1.30 1½ 1 Cont? Foods Wits
nd Secur	600 18 31 42% 5 17 22	Alphey Hall 390 33 41 % 45 8% 19% 25	- F.P. 24.8 68 61 Emerging Milita C 63 F.P. 12.2 68 65 Ennemb
611 }	650 114 1114 1816 41 49 52	(407) 420 15% 25 29% 23 38 40%	115 F.P. 38.5 124 115 Gernes Workshop
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dWest	500 13 53 43% 9% 23% 38	("25") 30 1½ 2 3 8½ 7½ 8 Barciays 550 33¼ 47% 54½ 16½ 30½ 36½	112 F.P. 21.4 120 118 Independent Parts
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19)	750 2% 18 28% 35% 43 55%	P302 \ 330 4 9½ 12 37 39½ 45 Dhors 180 18½ 22½ 28 7½ 12½ 16	- F.P. 26.3 360 340 Wrenham Water
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and Med 11)	390 30% 38 48 5% 15% 18% 420 12% 20 30% 18% 31% 34	("349") 380 1814 2814 34 2414 3011 34 Sears 100 9 1114 1314 4 534 8	500 NE 18/10 52pm 24pm Reckitt &
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109)	100 14 17 19 3% 6 7 210 8 71% 14 8 11 12%	Thorn EN 950 74 88 109 131/251/2341/4 (1998) 1800 43 581/2 80 32 49 571/4	
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t Aeco	420 49 65 71% 7 14% 25% 460 22% 41 49% 22% 31% 41	Tomkins 200 2114 2814, 32 516 814 1114 ['213') 220 11 16 22 14 1814 2114	Oct 11 Oct 10 Oct 7 Oct 6
459) At Jack	420 40 51% 50 4% 11% 20%	Windlestme 650 48 70 82 25 381/2 51	Ordinary Share 2357.8 2338.9 2310.4 2308.1
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n.	300 22 36 35% 5% 5% 9% 18	Glam 550 40% 68% 71 3 17 28%	P/E ratio net 18.01 17.86 17.63 17.59
14)	330 8 15% 20 20% 25% 32%	(584) 600 8 30H 44M 24 39% 53%	P/E ratio nii 18.48 18.32 17.43 17.38
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nness 95)	480 15 28 341½ 16 22½ 31 280 16½ 21 27 5 10 13½	* Underlying security price. Fremlunn shown are based on closing offer prices.	SEAC bargains 23,970 22,921 20,37
uinness 456) 60 288)	460 15 28 3416 16 22% 31		

Cells: Arginez, Bluebird Toys, Cable & Wireless, Ovoca Res, Porter Chedburn LONDON RECENT ISSUES: EQUITIES | 20m. | High Low Stock | 17:2 130 | 113 Compet | 1.30 | 112 | 11 Control Foods Writs | 24.8 | 68 | 65 Emerging Mileta C | 12:2 | 68 | 65 Emerging Mileta C | 12:2 | 115 Gernies Workshop | 30.0 | 60 | 60 Hambros Sm Asiar | 2.90 | 29 | 28 | Do Wernerits | 17:0 | 195 | 177 Mackel Ind | 144.8 | 181 | 170 Man ED & F | 17:0 | 185 | 78 Ryland | 11.8 | 21.2 | 190 Do. Writs | 2004 | 28.3 | 360 | 340 Winsulson Wister | 481 | 330 | 325 Do. NV 130 113 Compsi 112 f Com7? Foods Wits 51 Emerging Milter C 88 65 Emnerits 124 115 Gemee Workshop 60 60 Hambros Sm Asian 22 26 Do Wierrards 120 118 Independent Paris 187 Mackle Ind 181 170 Mackle Ref 85 78 Revend



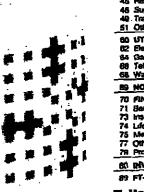






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4.12 3.56 8.72 3.99 3.32 3.53 3.94 7.07 16.70 107.39 1164.73 6.80 20.79 104.80 1307.91 6.28 19.35 108.91 1303.20 6.78 17.48 52.08 1194.14 4.95 25.35 47.28 1384.75 5.50 23.11 48.95 1384.95 6.85 17.88 50.88 1203.62 FT-SE 100 FT-SE Mid 250 FT-SE Mid 250 ex law Trusts +1.3 3032.3 2998.7 2984.4 3094.7 +0.7 3482.8 3447.5 3446.5 3474.9 +0.7 3478.0 3441.4 3440.1 3482.1 +1.2 1522.5 1505.9 1500.2 1546.0 3073.0 9501.7 1540.7 FT-SE SmellCap FT-SE SmellCap ex law Trusts FT-SE-A ALL-SHARE 1781.63 +0.5 1773.29 1771.94 1775.01 1784.44 +0.4 1743.66 1743.66 1746.74 1775.14 +1.1 1508.49 1494.19 1489.09 1531.85 1750.92 1526.73 M FT-SE Actuaries All-Share Day's Year Div. Earn P/E Xd adj. Total Oct 11 chge% Oct 10 Oct 7 Oct 8 ago yield% yield% natio ytd Return 40.8 2713.11 2688.61 2652.96 2368.90 3.8 5.00 25.26 81.46 1100.71 40.5 3975.76 3831.36 3817.05 3149.80 3.20 5.25 22 24.16 96.82 1106.05 40.9 2656.68 2653.86 2594.07 2317.90 3.51 5.60 22.22 86.60 1103.64 -0.1 1915.02 1890.84 1888.56 1909.80 2.17 ‡ 38.03 1106.36 10 MENERAL EXTRACTION(18)
12 Extractive industries(4) 2734,89 16 Of Exploration & Prod(11) 1912.19 -0.1 1915.02 1890.84 1888.56 1899.80 2.17 +0.7 1880.34 1842.70 1846.06 1914.40 4.06 +4.1 1053.78 1018.55 1018.43 1148.60 3.66 +1.1 1781.87 1783.72 1787.21 1847.70 4.07 +0.5 2317.95 2305.24 2285.26 2218.70 3.98 +0.1 1780.84 1782.39 1784.11 1974.90 5.14 +0.7 1889.12 1878.14 1878.92 2181.90 3.96 +0.7 1780.54 1772.48 1776.37 1882.90 3.16 +0.1 2229.99 2188.07 2205.37 1888.10 4.49 +0.8 2778.42 2783.18 2754.84 2489.90 3.07 +0.7 1807.64 1595.24 1595.78 1827.50 4.18 \$ 1,88.03 1106.38

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4.43 28.22 79.58 1033.55

\$ 5.21 28.09 82.75 918.97

6.62 17.97 60.85 932.27

4.86 23.82 47.30 1022.79

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CURRENCIES AND MONEY

MARKETS REPORT

Troubled rouble sinks to new low in Moscow

A dramatic decline in the Russian rouble was the highlight of a quiet day on the foreign exchange markets, writes Philip Coggan.

The rouble followed Monday's 6 per cent fall with a startling 21.5 per cent plunge, which took the unit from Rs3.081 to Rs3,926 to the dollar.

The Russian central bank responded with its first intervention since September 22, selling \$80m for roubles. Central bank chairman Viktor Gerashchenko said the three month refinancing rate was being increased from 130 per cent to 170 per cent with effect

from today The rouble's fall was a talking point in London, rather than a dealing issue, since the Russian currency is not traded on international foreign

The US dollar moved in a fairly narrow range, helped by a strong performance from bonds and equities but weakened by indications of Iraqi

troop withdrawals. The dollar closed in London at Y100.325. down slightly from Y100.63 on Monday.

Against the D-Mark, the dollar also eased to DM1.5466, from Monday's DM1.5500. The D-Mark gained some strength from expectations that Chancellor Helmut Kohl would triumph in Sunday's election. Mr Nick Parsons, treasury economist at CIBC in London, said the dollar had now traded in the DM1.54-DM1.55 band for 25 consecutive days.

■ The sudden decline in the rouble took many people by surprise, with interbank dealers in Moscow stopping trading. One Russian bank was quoting the rouble at 5,000 to the dollar to discourage sellers.

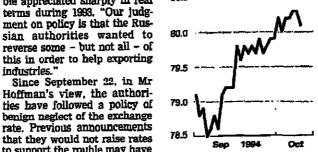
Oct 11	···-Latest	~ Prev. closs
£ spal	1.5780	1.5860
t roth	1.5776	1,5857
3 min	1.5770	1.5851
1 yr	1.5654	1,5740

"Exactly what triggered the fall is unclear" said Mr Jonathan Hoffman, international economist at CS First Boston. But Mr Hoffman said the rouble appreciated sharply in real terms during 1993. "Our judgment on policy is that the Russian authorities wanted to reverse some - but not all - of

industries." Since September 22, in Mr Hoffman's view, the authorities have followed a policy of benign neglect of the exchange rate. Previous announcements that they would not raise rates to support the rouble may have weakened the currency but yesterday's U-turn would help

the currency, he thought.
Mr Hoffman does not think the rouble will go into a further tailspin and believes it can stabilise at around Rs5,000/ \$ by the end of the year.

However, Mr Paul Chertkow, head of global currency research at UBS, said 'In this sort of circumstance, the mar-



ket is trading on fear and emotion. In the absence of an improvement in confidence over economic management and political leadership, there's no level beyond which the rou-

ble can't depreciate."
In the crisis atmosphere, a spokeswoman for the central hank was reported as saying

DOLLAR SPOT FORWARD AGAINST

that the peak of speculation against the rouble was past and speculators risked heavy losses if they made further attacks. "The situation is under control and we have enough reserves to control it"

■ Sterling was generally weaker ahead of today's batch of important economic data. The pound fell against the dol-lar to close in London at \$1.5815 from Monday's close of \$1.5852, while against the D-Mark, it weakened to DM2.4459 from DM2.4569.

Today will see inflation and average earnings numbers. which will be scrutinised closely for signs that the government will need to increase interest rates again. Consensus forecasts suggest the figures will show that inflationary essures will remain subdued However, Mr Parsons of CIBC, warns that history suggests the pound's short term

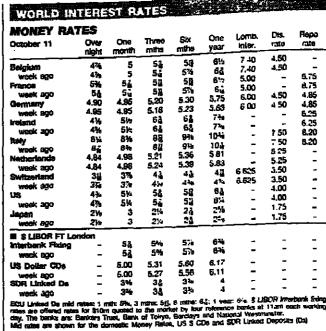
outlook is not good. "For the

last eight years, sterling has fallen in the week of the Conservative party conference on all but one occasion" he says.

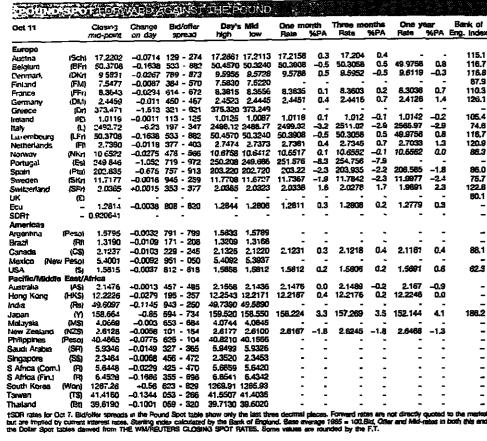
Mr Tony Norfield, UK Treasury economist at ABN-AMRO Bank, argues that the longer term outlook for sterling is encouraging. He believes the big falls in UK financial markets this year have built in a risk premium to sterling assets, which should provide some underlying support for the bound.

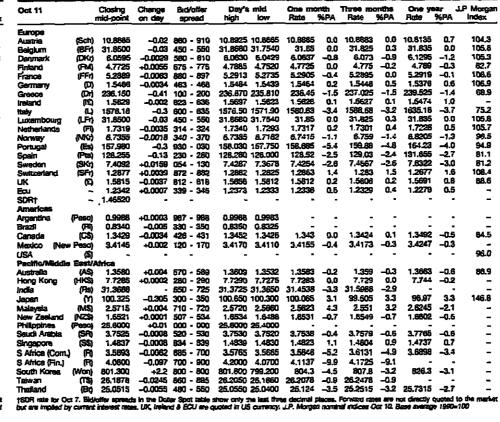
In the money markets, the Bank of England gave assistance in two batches of £126m and £485m, in response to a £650m shortage, revised from an earlier forecast of £700m. Overnight rates moved within the range of 6% to 4% per cent

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Hussia.		3900.00 - 4000.00
HAE	5.8015 - 5.8132	3,6715 - 3,6735



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Seiglum	(BFr)	100	19.03	16.61	4.854 2	LC09	4947	5.438	21.14	495.9	402.6	23.25	4.042	1.985	4.215	3.141	314.9	
Denmark	(DKr)	52.56	10	8.728	2.551 1	.056	2600	2.858	11.11	260.7	211.6	12.22	2.125	1.044	2.215	1.651	165.5	
France	(FFr)	50.22	11.46	10 :	2,923 1	210	2979	3.275	12.73	298.7	242.5	14.00	2.434	1.196	2.538	1.891	189.6	
Sermany	(DM)	20.60	3.919	3.421	1 (L414	1019	1.120	4.356	102.2	82.94	4.789	0.833	0.408	0.868	0.647	64.87	
reland	(12)	49.77	9.469	8.265	2416	1	2462	2.707	10.52	248.8	200.4	11.57	2012	889.0	2.098	1.563	156.7	1.26
taly	(L)	2.021	0.385	0.336	0.098 (.041	100.	0.110	0.427	10.02	8,138	0.470	0.082	0.040	0.085	0.083	6.364	
Vethorlands	(FI)	18.39	3.499			1.369	909.8	- 1	3.888	91_20	74.04	4.275	0.743	0.365	0.775	0.578	57.90	
vorway	(NK/)	47.30	8.992			1.950	2340	2.572	10	234.6	190.4	11.00	1.912	0.939	1.993	1.485	748.9	
ortugal	(Es)	20.16	3.836			1.405	997.8	1.096	4.263	100.	81.18	4.688	0.815	0.400	0.850	0.633	63,49	0.51
Spain	(Pta)	24.84	4.725			1.499	1229	1.351	5.251	123.2	100.	5.774	1.004	0.493	1.047	0.780	78.21	0.63
Sweden	(SKr)	43.01	8.184			1.864	2128	2.339	9.095	213.3	173.2	10	1.739 .	0.854	1.813	1.351	135.4	1.09
bnchostiwe	(SFr)	24.74	4.707			1,497	1224	1.345	5.231	122.7	99.61	5.751	1	0.491	1.043	0.777	77.90	
IK .	Ē	50.37	9.583			.012	2492	2.739	10.65	249.8	202.8	11.71	2.038	1	2.123	1.582	158.6	1.28
Cenade	(CS)	23.73	4.514			1.477	1174	1.290	5.016	117.7	95.53	5.516	0.959	0.471	1	0.745	74.71	0.60
JS	(5)	31.84	6.058).640	1575	1.731	6.732	157.9	128.2	7.402	1,287	0.632	1.342	_ 1	100.3	0.81
Jabau	m	31.76	6.042).638	1571	1.727	6.715	157.5	127.9	7.383	1.284	0.631	1.339	0.997	100.	0.80
Ecu		39.32	7.481),790	1945	2.138	8.314	195.0	158.3	9,141	1.589	0.781	1.657	1.235	123.8	1
Danah kroner, I	rench Fran	c, Norweg	kan Kroner,	and Swedis	h Kronor p	PF 10;	Belgian Fr	znc, Yen, Es	icudo, Linz	and Pass	ta per 100,							
E D-MARK	UTURE9	(MM) D	M 125.000	per DM	_				I J	PANES	E YEN F	UTURES	(BMSM) Yen	12.5 per	Yen 100	ı		
	Среп	Latest	Change	Hìgh	Law		Est vot	Open int.			Open	Latest	Change	High	, L	w 1	Est. voi	Open i
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	1.6485	0.6485	+0.0001	0.6486			50	3,912	Mer		1.0077	1.0077	-0.0029			077	854	3,60
Jun .	-	0 6498					9	596	Jun		-	1.0200	•	•		•	2	513

LOND	ON MO	NEY RA	TES				
Oet 11		Over- night	7 days notice	One month	Three months	Six months	Qne year
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ressur.				54 5.3		-16 - 0 4	.10 - 1.2
Sark Bills		-		513 - 514		6.2 - 6.2	-
	horal coos.		54 - 54	54 - 54		64 - 64	716 - 612
-sceunt	Market deps	614 - 514	5 ¹ 8 - 5 ¹ 4	•	-	-	-
JK clear	ng tank baso	lending rate	5% por o	ent from Se	ptember 12,	1994	
			Up to 1	1-3	3-6	6-9	9-12
			month	порів	months	eritnom	months
ers of T	Tan dep. (£10) as dep. under (as rate of discou and rate for pur	100,000 (1	1 lg Igoc. Deposit ECGD fund 1994 to Nov 2	4 Is withgrawn rate Stg Eq 5, 1994, Sch	314 for cash 14po port Finance ernes II & FI 1	314 : Make up day 1,05ps, Refer	31 ₂ 6eo 30, ance rate for
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Terts of To the Tender 1914 Agree 1994	ar dep. under i rrate of discou ed fille for pur r 1 1904 to Se	100,000 to 1 ³ pri 5 4950pc lod Oct 26, 13 p 30 1094, S	Epc. Deposit EOGD fued 894 to Nov 2 chemics IV 8	is withgrawn rate Stig Eq 5, 1994, Sch V 5 735pc /	for cash Apo port Finance ernes II & III i Finance House	Make up day 7,05ps. Refer p Base Rute (Sep 30, ance rate for Spc from Oct
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BASE LENDING RATES							
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Brown Shale, & Co Ltd 575	Julian Hodge Bank 5.75						
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Dec Mar	1.5836	1.5826 1.5820	-0.0022	2 1.5848	1.5826 1.5820	4,752 3	42,18 381
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ACH!	-	1,3700	-	-	1.0700	•	•
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Oct 11	Ecu c	en. F	late	Change	% +/- from	% spre	ed Dh
	таге	s egai	Jast Ecn	on day	cen. rate	v week	est Inc
Netherlands			14815	~0.00118	-2.21	5.43	
Ireland	0.8086			+0.001123	-2.01	5.21	14
Belglum	40.21		1.4734	-0.0174	-1.84	5.02	19
Germany	1.949		91803	-0.00139	-1.62	4.79	-
France Denmark	6.638 7.436		55852	+0.00005	0.30	2.78 2.04	-3 -7
Portugal	192.8		51363 55.893	+0.00381	1.03 1.58	1.49	-11
Spain	154.2		19.023	+0.019	3.09	0.00	-22
- President	104.0		10.UE3	-0.013	3.00	0.00	-22
NON ERM I				0.45	40.70		
Greece Italy	264.5 1793.		92.813 953.88	-0.184 +2.39	10.70 8.96	-6.87 -5.38	-
rusy UK	0.7867			+2-38	-0.42	3.53	-
					are in descend		
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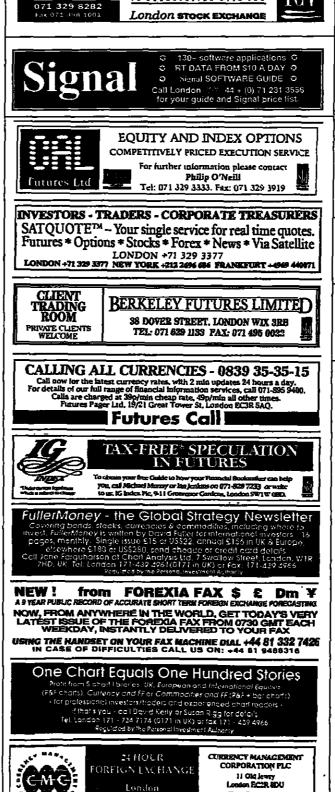
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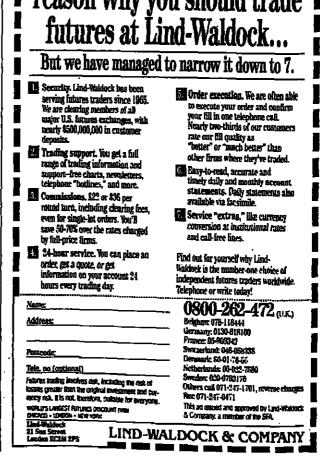


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Bond market gives support to US stocks

Wall Street

US share prices soared as a buoyant bond market and solid earnings news brought sharp gains across the board, writes

Frank McGurty in New York.
By 1 pm, the Dow Jones Industrial Average was 51.47 higher at 3,872.79, despite NYSE restrictions on programguided buying. The so-called "downtick" rule had gone into effect when the gain first exceeded the 50-point thresh-

The broad base of the rally was reflected in the Stan-dard & Poor's 500, which was up 6.53, or 1.5 per cent, at 465.57. On the NYSE, advances led declines by a three-to-one margin on fairly heavy volume

The Nasdaq composite was also staging a powerful advance, with a gain of 8.77 to 765.58. The American SE composite, up 1.32 at 457.30, lagged behind.

It was the third day in a row in which stocks showed a marked improvement. The sustained upturn reflected an easing of concerns over an immediate move by the Federal Reserve to lift short-term inter-

The rally was given added impetus yesterday by a published report, quoting unnamed Fed officials, which suggested that policy makers would wait until their next scheduled meeting on November 15 before tightening credit conditions.

The shift in sentiment, which had begun when Friday's employment data proved weaker than expected, was evident in the Treasury market where bond prices made further progress ahead of this week's inflation news.

Meanwhile, equity investors had a smorgasbord of appealing corporate results from which to feast. PepsiCo gained \$1% to \$34% after beating the consensus forecast with net earnings of 68 cents a share. Motorola led the technology sector on impressive quarterly results, revealed after the close of trading in the previous ses-

The Mexican stock market was

was up sharply in early trading

recent declines to purchase

or 1 per cent, at 2,648.22 in vol-

ume of 14.7m shares in early

trade. Advancing stocks out-

numbered losers by 19 to three

in 174 trades with a total value

The value of foreign hold-

ings of Mexican stocks rose

nearly 1 per cent in September

to \$55.9bn, the Mexican stock

of 176.11m pesos.

exchange said,

The IPC index was up 26.59

as investors took advantages of

sion. Its shares were marked up \$1% at \$54% with an upgrading by Merrill Lynch giving the stock added support. Digital Equipment forged \$1% ahead to \$29% on news that it had sold another of its

marginal busines Chrysler was the first of the Big Three car makers to report, but the response to its announcement was tepid, even although its performance was better than most had predicted. The issue added \$% to \$46%.

International Paper's results were a disappointment, but the stock managed to edge \$\% forward to \$78\\. But several other cyclical

stocks were up sharply as investors anticipated good news to come. Caterpillar gained \$2% to \$55%, General Electric was up \$1% at \$48 and Deere jumped \$2 to \$701/4.

There was something more tangible to boost confidence in Procter & Gamble, up \$1% at \$61. Its chairman told share holders that the company had just completed its best quarter

Apple helped its own cause as well by forecasting better-than-expected results for the quarter. On the Nasdaq, the stock added \$1% to \$40.

Biogen backtracked a further \$1% to \$50%. The company fell victim to profit-taking for a second day although clinical trials for its beta interferon multiple sclerosis treatment were successful.

Canada

Toronto stocks were firmer at midday, but the advance was moderated slightly by declining gold issues. The TSE 300 composite index was up 28.13 at 4,318.93 in volume of 27.17m shares worth C\$395.28m. Hightechnology shares helped push the index higher.

The industrial products group rose 48.92, or 1.78 per cent. to 2797.63. Northern Telecom rose C\$1% to C\$47% on news that it had secured a contract from CellCom Israel to supply Israel's second nationwide cellular mobile telephone

network in a three-year, C\$100m agreement. Mexico advances 1%

> Shares in São Paulo were down buying shares. l per cent in moderate trade by mid-session led by a drop in Telebras, the state telecom utility, on news that the government was planning to lower long-distance telephone rates. The Bovespa index was down

Jointhy compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in consunction with the Institute of Actuaries and the Faculty of Actuaries

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Local Currency Index

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Index

496 at 49.825 in turnover of R\$197.6m (\$236.9m). Brokers commented that investors were nervous ahead of the futures settlements which take place tomorrow and October 17.

For the year to date, the foreign investment figure was up Telebras preferred were off 1.6 per cent at R\$46.

Gold, mining stocks weak

Pound Sterling Index

152.08 127.81 229.92

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293,48

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Index

112.50 105.58 87.99

mining stocks lost ground by the close as the market reacted to strength in the financial rand and gold price weakness. Dealers said that firmer world stock markets had provided support to industrial

The overall index fell 72 to

NATIONAL AND REGIONAL MARKETS

of stock

Finland (24)

USA (515)

EUROPE (709).

Norde (116)..... Pacific Basin (747).

Europe Ex. UK (505)

World Ex. UK (1947) ..

The World Index (2151) 174.20

FT-ACTUARIES WORLD INDICES

South African gold and other 5,526, the industrial 14 to 6,247 and the gold index lost 91 to

Among the main movers De Beers fell R3 to R98, Anglos R6 to R227 and Barlows 50 cents to R30d. Vaal Reefs was R23 lower at R435 but SAB went against

the trend to rise 50 cents to R84.

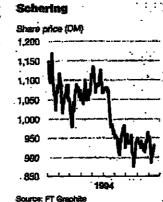
Schering soars after report from San Francisco

Easing tensions in the Middle East, optimism for the ruling German coalition ahead of Sunday's parliamentary elections and the unleashing of the Dow yesterday afternoon coaxed another decidely upheat performance from German equities, writes Our Mar-

FRANKFURT accentuated the positive with bonds rising and, towards the end of the official session, Dax futures extending Monday's uptrend. The Dax index rose 46.27, or 2.3 per cent to 2,071.06, effectively doubling Monday's post-bourse rise to 2,048.56.

In the afternoon, apparently unimpeded by wage demands of up to 6 per cent from the German engineering workers' union, IG Metall, the Ibis-indicated Dax climbed further to 2,087.71, up 1.9 per cent over 24

The stock of the day was Schering, which recovered DM44 to DM942 following the presentation of rival multiple sclerosis drugs in San Francisco on Monday. Mr Mark Tracey, of Goldman Sachs in London said that Schering's BetaSeron drug was unlikely to face productive competition



In the meantime, said Mr Tracy, Schering was looking at higher margins and sales, cost cutting potential, net cash equal to around 30 per cent of the share price and a p/e ratio of 13 to 14 for 1995 backed by prospective five-year earnings per share growth of 25 per cent per annum compound.

Back in the broad market. there were big gains for Allianz, chemicals and carmakers. US buying for the latter took Volkswagen up DM11 to DM477, BMW by DM13.50 to DM791 and Daimler by another DM10.60 to DM789.50 although,

FT-SE Actuaries Share Indices 11.00 11.30 12.00 13.00 14.00 15.00 Gloss 1327.80 1326.44 1323.59 1321.04 1322.84 1327.29 1330.28 1330.45 FT-SE Eurobrack 200 1380-37 1379.55 1376.79 1375.29 1375.66 1381.07 1384.56 1384.80 Oct 10 *0ct 7 1317,39 1370.44 1297.99 1344.02 1285.48 1335.96 1290.84 1345.42 FT-SE Sundrack 200

according to the chairman of Adam Opel in Frankfurt, the European and German car markets will grow only modestly in the next five years and manufacturers will not match the profits they achieved in the

the 1,900 barrier as the CAC-40 index attained a session high of 1,924 before easing slightly to close up 20.70 at 1,919.02. Trading in Sanofi was suspended for a time ahead of its announcement that it was

PARIS finally broke through

resumption the shares put on FFr3.10 to close at FFr241.20. The sale comes as part of Sanofi's disposal programme to finance the acquisition of Sterling Winthrop's prescription pharmaceuticals activities

from Eastman Kodak of the

part of the business by the end of the year.

to sell a significant proportion of its bio-activities to Viag of Germany for FFr4.4bn. On

Initial reaction from analysts was positive, with the sale price at or above expectations. However, others remarked that Sanofi still had to dispose of the remaining part of its bioactivities, worth around FFr2bn, although the company said that it hoped to sign agreements for the remaining

ZURICH had mixed feelings about its pharmaceuticals and chemicals sector. Switzerland's three big drug companies are due to produce nine month sales figures over the next weeks, and the talk yesterday was that Swiss franc appreciation, and the policy of cost containment by leading customers will affect the outcome.

Roche certificates recovered

bearers dropped SFT8 to SFr665, and Ciba bearers by SF17 to SF1775. The SMI index rose 16.8, or

SFr95 to SFr5,890 but Sandoz

0.7 per cent to 2,570.24, led by banks which saw CS Holding up SFr14 at Sfr514 and SBC bearers SFr6 higher at SFr375. One of the best gains of the day came from Brown Boveri. up SFr33 at SFr1,100 in a technical recovery.

MILAN was again rocked by political turmoil as rumours swept the market that Mr Silvio Berlusconi, the prime minister, was about to be placed under investigation by magistrates. The allegation was firmly denied by a government spokesperson and the stock market made a late rally on short-covering.
The Comit index ended the

session off 3.23 at 636.83 in light turnover. Losses among stocks were evenly spread with Montedison off L27 at L1,223 and Pirelli down L80 at L2,190. Benetton recovered L230 to L19,900, as the company continued to recoup last week's

AMSTERDAM's forward momentum continued in moderate turnover. The AEX index improved 5.23 to 404.11. Philips,

which was positive on Monday following news that it had signed a co-operation agreement with IBM for the production of semi-conductors, attracted renewed support, the shares rising Fl 1.80 to Fl 55.00.

MADRID moved from a small decline in mid-session to a minor recovery at the close, th e general index rising 0.93 to 295.75. Mr Christopher Cooper of James Capel noted that Monday's turnover had been at, or near a low for the year of Pta14bn; yesterday produced an improvement at Pta18.7bn.

Banks provided the base for the index improvement with BCH closing Pta35 higher at Pta2.975. Popular up Pta210 at Pta15,660 and Santander Pta70 better at Pta4.970.

STOCKHOLM, and Ericsson Bs were inspired by ninemonth figures from the telecommunications group's US competitor. Motorola. The Ericsson B rise of SKr21.50, or 3 6.3 per cent to SKr416 was followed by Volvo B. up SKr4.50 at SKr138, and the Affarsvärlden General index climbed by 22.80, or 1.6 per cent to 1,415.00

Written and edited by William

Rise in the dollar encourages the region's investors

Tokyo

The rise in the dollar above the Y100 level encouraged investors, and the Nikkei index gained ground following Monday's holiday closure on buying of high-technology stocks by overseas investors and dealers, writes Emiko Terazono in

The 225 index added 76.71 to 19,821.46 after a low of 19,790.46 and a high of 19,894.88. The index jumped to the day's high in the morning session on buying of export-oriented stocks, but fluctuated later in a narrow range.

Expectations of higher US interest rates and growing tensions in the Middle East supported the dollar while corporate investors, encouraged by the dollar's advance, also put in buy orders. However, volume was subdued at 199m shares against Friday's 226m.

Traders said the sluggish activity was also partly due to subscriptions to Japan Tobacco for the successful bidders to the share subscription to make payments for their stocks, but some brokers estimated that 25 per cent to 50 per cent had abstained from

The Topix index of all first section stocks finished 5.79 higher at 1.583.84 and the Nikkei 300 rose 1.15 to 290.26. Gainers led losers by 587 to 330, with 231 issues un-

In London, the ISE/Nikkei 50 index rose 1.01 to 1311.94. High-technology issues led trading activity: Oki Electric,

the day's most active issue, rose Y13 to Y803, Mitsubishi Electric gained Y6 to Y728 and Hitachi added Y20 to Y1,010. NEC rose Y30 to Y1,260 and Fujitsu advanced Y30 to

Carmakers, however, were neglected, with Toyota Motor down Y10 to Y2,060 and Nissan Motor declining Y2 to Y815. Pulp and paper stocks were higher. Honshu Paper rose Y9 to Y696 and New Oji Paper added Y20 to Y1,040.

Japan Telecom continued to lose ground, falling Y30,000 to Y3.89m ahead of the Japan Tobacco listing. However, Nippon Telegraph and Telephone

162.02 138.54 243.51 177.09

gained Y7,000 to Y872,000 and East Japan Railway added Y1,000 to Y476,000. In Osaka, the OSE average

rose 106.93 to 22,115.04 in volume of 12.5m shares. Hightechnology stocks gained ground, with Rohm, the semiconductor manufacturer, rising Y50 to Y4.360.

Roundup

The region was firmer yesterday helped by overnight gains on Wall Street. HONG KONG moved forward

on bargain hunting although turnover was thin. The Hang Seng index closed up 113.92 or 1.23 per cent, at 9,362.32 after touching a high of 9.392.53 in the closing min-

utes of trade Brokers said the buying was mainly led by domestic inves-

Among the day's main movers Jardine Matheson rose HK\$2.75, or 4.4 per cent, to HK\$64.75 and HSBC HK\$1.25, or 1.4 per cent to HK\$87.50. tial for further gains today, ahead of tomorrow's market holiday and US price data due out by the end of the week.

SEOUL improved on a rise in blue chips as overall sentimen remained positive after the government's announcement last week of an easing of foreign ownership restrictions. The composite index put on

Brokers said that the index reached a new high of 1,083.49 in early trading before easing slightly on a light round of

9.98 to 10,78.66, with an esti-

Posco closed Won2,300 higher at Won85,700 ahead of a scheduled listing of its ADRs on the New York stock exchange later this month. SINGAPORE recouped all of

Monday's losses on buying funds following the rally on Wall Street.

The Straits Times Industrial index added 42.95 to 2,345.23, with 188m shares traded. US and UK based funds were seen as buyers of blue-chip

intra-session high of 2,350.1 near the close. Cycle and Carriage led the market higher with a 40 cent

176.02 182.38 135.19 185.37 108.28 150.40

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216.73

Elsewhere, Singapore Airlines added 10 cents to S\$8.35, with the foreign share rising 30

gain to \$\$13.60 and Jurong

Shipyard 10 cents to S\$13.80.

Foreign-held bank shares were higher, as Development Bank of Singapore foreign rose 30 cents to S\$15.40, while United Overseas Bank foreign added 50 cents to S\$16.00 and Overseas Union Bank foreign 20 cents to S\$8.55.

TAIPEI lost another 1.4 per cent following last week's heavy losses, as investors returned after Monday's holiday closure. The weighted index shed 89.77 to 6,124.71, but off a session low of 5,916.39. Turnover was steady at T\$78.45bn.

Financials went against the trend, leaving the sector index up 0.5 per cent, with ICBC rising T\$2 to T\$91. Brokers said that they expected the market to recover gradually in the coming sessions as the impact of default payments had started to cease and institutions were seen to be buying.

The plastics sector had a mixed day: Grand Petrochemical lost T\$4 to t\$58.50 while Union Petrochemical reversed an earlier fall to rise T\$1 to T\$74 on late institutional buy-

SYDNEY was encouraged by the gains seen elsewhere which helped the All Ordinaries index to a rise of 15.6 points to 2,003.6. BHP continued to lead the market higher, adding 26 cents

to A\$19.50, with News Corp rising 17 cents to A\$8.27. BANGKOK, sensitive to news from the Gulf, recovered as tension in the region appeared to ease but the mood

was still dominated by caution

as the SET index closed 16.14 higher at 1,444.26 on thin turnover of Bt4bn. The absence of outside influ-

ences would be good for the market, said brokers. They said investors were generally optimistic about third-quarter results due at the end of the National Finance, Bangkok

Bank and PTT exploration all rose by Bt4, to Bt470, Bt208 and Bt234 respectively. National Finance peaked at Bt476 earlier in the day, on active turnover of Bt78.ln

BOMBAY featured sharply higher first-half results from Reliance Industries, the big textiles and petrochemicals manufacturer which produced a 146 per cent increase at net profit level. The BSE 30-share climbed 12.30 to 4,423.25.

The Reliance figures, with a net of Rs5.1bn against market on takeover rumours.

expectations of about Rs-lbn. brought some late enthusiasm

Reliance itself rose Rs10 to Rs415 after a slight dip ahead of the results.

MANILA could not shake off early weakness on Middle East fears which, with a new wave of domestic initial public offerings and a lack of fresh company news, pulled the composite index down 25.16 to 2,946.95 as turnover dropped from 1.58bn pesos to 1.11bn.

WELLINGTON strengthened considerably with the NZSE-40 capital index rising 1.65 per cent. Turnover was a moderate

NZ\$38.06m. The leading stocks per- ; formed well, notably Fletcher Challenge which added 14

cents to NZ\$4.26. The power utility, EnergyDirect, gained 4 cents to NZ\$1.67



JF Pacific Warrant Company S.A.

ANNUAL RESULTS TO 30TH JUNE 1994

Net Assets as at 30th June 1994

Performance in & from 1st July 1993 to 30th June 1994

Ordinary Share Price

Total Net Assets

+36.9%

NAV per Ordinary Share

+41.6%

US\$52.9m

£34.3m

+12,2%

Chairman's Statement "The first half of the past financial year saw exceptional growth in Hong Kong and the South-East Asian markets fuelled by huge capital inflows. This trend was abruptly reversed at the beginning of 1994 with declining bond markets and the erosion of confidence in the US dollar. Hong Kong, Malaysia,

We believe that the Pacific region equity markets will recover strongly in the second half of the year. With the initial shock of rising US interest rates absorbed, investors have begun to refocus their attention upon strong economic growth and rising earnings in those Asian markets which were sold heavily in the first half of 1994. The Japanese market should also perform well as there is little evidence of any reversal in Japan's economic recovery, despite the Yen's recent advance.

Thailand and Indonesia were amongst the worst performing markets while

*While we do not expect a replay of the final quarter of 1993, we do anticipate a steady improvement in the region's markets."

Japan, Korea and Taiwan were amongst the best.

Chairman 13th September 1994

For a copy of the Annual Report please contact eith lardine Fleming, 47th Floor, lardine House One Connaught Place, Hong Kong Aun: C. Goodman Tel: (852) 843 8888 Pax: (852) 524 8649 or

ring Investment Trust Management Ltd. (Member of IMRO) 25 Copthall Avenue, London, EC2R 7DR.

30tb June 1994

Tel: (071) 638 5858 Page (071) 256 6817.

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Quality business information – quality business contacts

FINANCIAL TIMES
Conferences

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Conference

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All those registering for 1995 conferences using this application form will receive a 10% discount.
AND a choice of one of two FT products:
a black leather billfold wallet or a black leather

Please use the following form to register for conferences, order previous conference transcripts, or request further information.

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FINANCIAL TIMES CONFERENCES REVIEW

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If you require further information please tick the relevant box.

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Every year, Europe plays host to some 5,000 conferences. Sifting the good from the bad can be as much of a gamble as poking a pin into a list of runners at the race course.



Successful conferences, though, share all of the same features and they are not difficult to identify, according to Tim Kingham,

"The keynote is quality in everything we do. We attract the best quality speakers and delegates and hold our conferences at five star hotels where participants can be assured of the facilities which business people of this calibra expect."

The same approach permeates the conference administration. As Mr. Kingham explains, it Isn't just a question of hitting

on a topic, choosing competent speakers and letting the event run itself, "We have a team of five researchers and programmers working throughout the ogrammers working throughout the air to keep abreast of the key industry plcs, business sectors and shifting litical or economic events worldwide

Topical and relevantThe team's brief is clear - to Identify topics which will help business people - but their method is meticulous and

Ū ONTENTS

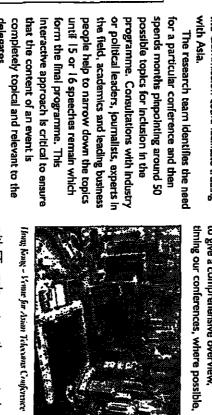
What makes a Financial Times
Conference Different?

Marketing to an Exclusive

Listings.. Some Speakers You May Have Met Quality Delegates Means
Quality Contacts Marketing Opportunities for 1994/95 Past Speakers Papers.. Registration | Communications. Eastern Europe . Consumer/Miscellaneous Worldwide Business. Banking & Finance
Energy & Utilities Transport ... & Enquiry A high standard of speaker FT Conferences have an extremely high profile and are perceived to be an excellent platform for world leaders from every section of the community. Finding top quality speakers is, therefore, not difficult. At a recent conference in Warsaw, designed to give business people an insight into the possibilities of trading with Poland, the country's Prime Minister gave the opening address. It is not unusual, either, for the chief executives of multinational corporations to request a speaking slot at a FT conference. The calibre of both speakers and delegates is such that, for both sides of the platform, attendance is recognised to be of great value. The

painstaking and trecessitates ongoing dialogue with industry leaders, politicians and the governments of many countries. Such contacts can sometimes result in participation between the FTC and another high profile organisation with a particular topic which they feel needs to

The European Commission invited FTC to join them in arranging an event which took place in Brussels last week. It was a forum in which around 150 invited senior executives from EU and Asian countries discussed ways in which the Commission could facilitate trading Integration
FTC works in close partnership with the newspaper to give businessmen a broader overview than would be possible in any one medium alone. "We cover anything which fits in with the FT newspaper to give information and assistance to international business people" explains Mr. Kingham. "We try wealth of contacts an event provides is recognised by all participants as being every bit as important as the information which is exchanged.



Televanus Confere

Telecommunications conference in Hong Kong, the FT published a supplement on the industry and FT Newsletters launched a newsletter on the topic at the same time. It is this kind of reinforcing combination which no other conference organiser can match." with FT supplements on the same topic In the week in which we held our Asian

overlaps with and reinforces conference topics, attendance at a conference gives the unparalleled opportunity to question and interact with leaders and peers in the industry. This live forum is often a springboard for fresh information and ideas which would not emerge from reading alone. "After all, what other Question the Information While some of the printed material

information source allows you the opportunity to question or seek clarification from the information provider?" points out Mr. Kingham.

Mr. Kingham believes that the broad overview which the FT Group can provide gives FTC a strength which is unique in the marketplace. "By the end of each conference, our aim is to give participants a clearer view of how the country or industry under discussion is developing. We try to make delegates aware of opportunities within their industry, raise potential key problems and provide ways of looking at them which will lead to solutions."

where possible, The perfect place to plan
Delegates often admit that a FT
conference provides them with the
perfect environment for strategic
planning, away from all the day-to-day
interruptions which are part of office
routine. Mr. Kingham believes that
executives should be encouraged to
attend FT conferences which are
relevant to their industries. "When
senior directors spend all their time in
the office, however much they may
intend to think about strategy and long
term planning, they rarely get time to do
so without being caught up in
administrative dudes. The short term
takes priority over the longer term, and
the key job function of forward thinking
and strategy can be dangerously left to a
short period around the time of the
annual budget. However, the stimulating
atmosphere of a FT conference gives
senior management the necessary break
from routine which allows them to change tack and bounce ideas off the other participants. This can help them formulate long term strategies which would otherwise evolve much more

slowly and without the same clarity of vision" explains Mr. Kingham.

Meticulous preparation, the calibre of speakers and participants and the broad overview which the newspaper, members of the Financial Times Group can provide are the ingredients which produce a high level of satisfaction amongst delegates and sets FT Conferences ahead of the field. overview which the newspaper, conference division and the other

Mission Statement FINANCIAL TIMES CONFERENCES

The mission of the FTC is to organise conferences on subjects of interest to the international business community, using the highest calibre speakers and providing attending delegates with the finest service, thereby providing a low cust and time efficient means of obtaining both impartial quality information and making senior level industry contacts.

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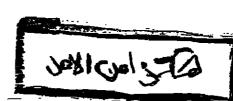
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FINANCIAL TIMES CONFERENCES REVIEW

12тн ОСТОВЕR 1994

TELECOMMUNICATIONS IN THE ASIA PACIFIC

HONG KONG APRIL 1995 Location

The Asia-Pacific region is the world's most dynamic telecommunications market, and an increasingly powerful magnet for western investment.

The region's more advanced countries - particularly Japan, Hong Kong and Australia - are leading the way in the introduction of competition to fixed and mobile services. Privatisation has begun in earnest, led by New Zealand and Singapore, and the region's leading operators are fully engaged in the formation of international alliances set to transform the industry worldwide.

The region's "emerging market" countries are also liberalising rapidly, so as to involve overseas investors and operators in the rapid expansion of basic services. A host of innovative relationships are developing notably, build, operate and transfer ventures.

China dominates the horizon. With less than one phone line per one hundred people and ambitious plans to install more than 60m lines by the turn of the century. China is potentially the world's single largest telecoms growth market. If, as expected, liberalisation of network operation takes place in the near future, the scope for western involvement in the country's telecommunications development will be enormous.

The conference will explore these and other aspects of the region's telecoms industry with leading analysts, brokers, network operators, regulators and stransformed in the transformed in the country of the region's telecoms industry with leading analysts.

equipment of the set to be smilled.

Speakers list has yet to be smilled.

In association with FT Asta-Pacific Telecoms Analyst.

EUROPEAN TELECOMMUNICATIONS Subject

LISBON Locarion:

JUNE 1995 Dare:

The European telecommunications inclustry is in a state of rapid transition and change. Privatisation and liberalisation are advancing rapidly - and far faster than foreseen even a year ago. Demand for mobile communications is racing ahead. Technology continues to expand the realm of the possible almost month by month.

Yet the future shape of the industry remains munclear. The pace of liberalisation is still problematic. The mobile phone could be a mass consumer product next year - or next century depending on the forecast. The future shape of the equipment supply industry in a regime of liberalised and privatised service operators is a matter for conjecture and the regulatory in a regime of liberalise and privatised service operators is a matter for conjecture and the regulatory in all the main sectors of the European telecoms industry. With presentations from senior executives, analysts and officials, it offers insights into the current state of play and thinking about falure prospects across the continent.

Speakers list has yet to be finalised. In association with FT Telecom Markets. Subject:

MULTIMEDIA IN PUBLISHING - OPPORTUNITY OR THREAT? LONDON Location:

MAY 1995

Whether one believes the futuristic hype concerning multimedia or not, one thing is certain; that change will take place and new products will be developed which will directly impact on the publishing sector, it is just a matter of time.

A recent international survey carried out by the Financial Times Conferences and Touche Ross on the multimedia revolution showed that paradoxically information providers, despite being recognised as having most to gain from the opportunities opening up to companies, were the least aware and least prepared of all the industry sectors analysed. The survey concluded that without action, publishing companies are among the most likely to be adversely affected by new inter-active until massoclation with FT New Media Markets.



CONSUMER/ MISCELLANEOUS

INVESTMENT OPPORTUNITIES IN SOCIAL HOUSING Subject:

NOGNOT Location:

JANUARY 1995 Date:

Recent announcements of further cut-backs in Government grants to the UK Housing Associations, as well as the significant expansion plans of the sector to include the management of local council housing stock, will accelerate the search for new sources of financing which has seen the housing associations turn increasingly to the City. The Housing Associations in the UK have, for instance, emerged as regular issuers in the sterling bond markets and increasingly, investors are being encouraged to take equity stakes in what is being seen as an important new sector in the economy. The recent award of eredit rotings to the sector und the announcement of a revision of restriction on the use of derivatives will advance the growing link between the Housing grid Associations and City institutions.

The discipline of private sector financing meanwhile, is setting new standards and requirements for new management skills such as treasury management and public relations for housing association management skills such as treasury management and public relations for housing associations with the aim of increasing understanding age to the mutal advantage of both...

In association with The Housing Corporation. Speakers list has yet to be finalised.

WORLD STEEL INDUSTRY

MARCH 1995 LONDON Location: Subject: Date:

The Financial Times in association with CRU laternational Ltd., is holding its first conference on the world steel industry. The past three years have been a tough period for virtually all the world's steelmakers and, perhaps, inevitably have induced a "bunker mentality" where survival is the main aim. Behind the scenes, however, development of steel as a product has continued apace but has received little attention in the face of the highly-pollitical and often controversial attempts to sort out the industry's overcapacity problems. The industry now recognises that it needs to come out of its bunker and improve steel's competitive position by propagating awareness of the intrinsic dynamism of a material that is often taken for granted. The two-day conference will bring torgether experts from the industry to look at restructuring and the growing internationalisation of steel and to shed light on some of the key questions. How many more mergers will there be? What are the benefits? What are the prospects for increased private ownership of the industry? How competitive is the cities will also be assessed.

In association with CRU International Speakers list has yet to he finalised,

The food and drink industries worldwide are being radically reshaped as manufacturers expand internationally in search of faster growth and improved scale. The need to extend brand franchises, the growing power of the retail trade, changing consumer tastes and the emergence of new markets in developing countries are all combining to accelerate the pace of change.

Some industry sectors are already highly concentrated. But in many others there is still scope for further consolidation, particularly in Europe, where the advent of the single market has added fresh impetus. Companies with purely national brands risk being squeezed between powerful multinational manufacturers and the own-label offerings of retailers, many of which are also expanding across frontiers.

Against this back-drop the conference will examine and debate current key issues and developments in this major industry sector.

Speakers list hus yet to be finalised.



Location:

Subject:

LONDON Date:

Speakers list has yet to be finalised.

MARCH 1995



INTERNATIONAL PACKAGING AND THE ENVIRONMENT Subject:

APRIL 1995 LONDON

As consumer awareness of environmental problems grew in the 1980s, packaging became a prime target for politicians and green cumpaigners thanks to its high visibility and associations with a "throw-away" culture. Now the packaging industry faces a serious threat from stringent - and often incompatible - legislation in different countries.

Packaging companies have responded by putting environmental considerations at the top of their agenda, and are constantly seeking to reduce packaging material and make it easier to recover or recycle. This well respected bi-ennial event will tackle these and other environmental issues affecting the international packaging industry.

MEAN QUALITY CONTAC

QUALITY DELEGATES

Speakers list has yet to be finalised.

POSTAL PRIVATISATION

TBA - Subject to Government Announcement

Bologue is the name of the conference game. The opportunity to meet, during a concentrated period of a day or two, many of the leaders and peers within their own industry is as important to conference participants as the quality of the information they exchange.

Mr. Tim Kingham, Managing Director of FT Conference, explains. "For many delegates, a conference is an ouistanding opportunity to think about overall strategy and to look at the direction in which their industry is going. That kind of thinking is best done away from the office, in a creative anviron-

The Financial Times' second conference on the postal industry is timed after the consultation period for the Government's Green Paper for the future of the Post Office and the Sell-off choices:

Option 1 • The Government retaining 49 percent of Royal Mail and of Parcelforce.

The sale on preferential terms of about 10 percent of the shares to post office employees and sub-postmasters.

The sale of the remainder of the company in a public flotation.

Option 2 • Total privatisation: a 100% flotation option 3 • Continued state control: the status quo but with greater commercial freedom.

"A lot of senior managers tend to become isolated. One of the key advantages of a conference is that participants can bounce ideas off each other. They often leave FT Conferences reassured that others within the industry are thinking along similar lines about similar problems."

For top level executives based in different countries, a conference can provide the ideal opportunity to set up informal meetings which might otherwise take weeks of arranging through layers of protective office

The problems and opportunities of postal privatisation will be looked at against a background of great
change in the postal industry. Fax machines and
couriers are already making their presence felt,
Senior speakers will give an analysis of the Dutch
experience and assess the opportunities in the post
office market as well as the impact of new technologies. Protecting the consumer and meeting the needs
of business will also be addressed.

12th OCTOBER 1994

FINANCIAL TIMES CONFERENCES REVIEW

Financial Times

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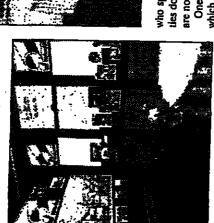
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Marketing to an exclusive audience

delegate or speaker and the theme is always the same. The hallmark of a successful event lies not only in the exchange of relevant and topkal information but, equally, in the opportunity to make important contacts.

Businesses outside the Industry are increasingly taking advantage of the same



opportunity to widen their network. Sponsorship of conference social events and exhibition stands offers them the ideal environment in which to bypass the usually formal and time wasting routes to the decision makers they want to meet.

Mrs. Lynette Northey, sponsorship coordinator for FT Conferences, believes that the soft sell promotion which businesses use at FT Conferences is the right approach for the less aggressive marketplace of the '90s. "The conference atmosphere is very sophisticated. People don't feel threatened if they are making contacts in a relaxed environment" she points out. "It is an timpressurfact" selling stage. The hosts

For others, it is the opportunity to partner the FT in a business venture and in so doing, to reinforce their own image us who spomsor our lunches and cocktail parties don't give any big sales pitch and there are no banners or balloons on the stands,"
One sponsor summed up the advantages which most echo, "Taking an exhibition stand gave me the opportunity to talk to top level, high profile individuals who I would otherwise find great difficulty in reaching, he admitted.

At each FT conference, every speaker and many of the delegates are amongst the leaders in their field, so sponsorship is a cost and time effective way of putting across a business message at the highest level.

Hotel Inter Continental, London – Venue for many UK Conferences

A receptive audience
"Businesses use the opportunity in different
ways" Mrs. Northey finds. "For some it is a
low key door opener. Their objective might
be to make contact with one or two individuals with whom they hope to do husiness.

providers of a quality service or product.

The FT is so strongly associated with quality in people's minds that any business partner shares in that image."

The sponsorship marketing tool comes in a number of different sizes but each can be

Important than machiners, the challenge is to create and expand to " Actionation forms of the Board Volleyagen Action of the Board Speaker at Budjess with Spaln Conferenties, 19934141 Dec 1993 source of stronger competitive advantage, "Knowledge is the knowledge is more

In March, The Rt Hon Virginia Bottomicy, UK Secretary of State of Health, addressed the World Pharma-ceuticals Conference on issues and policies which are critical to the industry. The Asian Electricity Conference in April gave a phatform to a number of top level Asian politicians and industry leaders including a representative from Pakistan's Ministry of Waler and Power and policy makers from Hong Kong, Japan, Thailand, Singapore and Australia.

Delegates at June's North Sea Oil & Gas Conference were able to hear and question Mr Tim Eggar MP, the UK's Minister for Industry and Energy, Mr Gertjan Lankhorst from the Ministry of Economic Affairs in the Netherlands and Mr Dag Omre of Norway's Royal Ministry of Industry and Energy. Other speakers were officers at the highest. Ievel within the European Commission and a number of leading oil exploration and production companies.



The benefits of gathering together at one time and place so many key players in one industry are experienced at each FT Conference, whatever its theme. Being able to bring together such high calibre participants is a measure of the excellent reputation which FT Conferences has established during its 24 year history.

cies than can be galned simply by reading the statute book.

The advantages of this dialogue are equally apparent to delegates who have the means of airing a viewpoint and galning personal access to people with whom, under ordinary circumstances, they are unlikely to be able to arrange a face-to-face meeting.

This year, continuing the tradition estabelished throughout the 24 years since FT Conferences began, politicians and policy makers from the UK and a number of foreign countries have addressed conference delegates.

arrange a meeting with his counterpart in an cidentican company. At the FT Conference, it they were able to schedule a meeting to take place in the US shortly afterwards.

Dialogue between politicians or policy makers and industry leaders whose companies have to work within a particular legislative framework can often be a fruitful means of ironing out potential problems before they arise. The FT Conference platform has long been recognised by such form has long been recognised by such form has long en recognised by such form has long en recognised by such form has long been recognised by such form has long by the form has lo

Munications, the head of a major UK telecommunications, occupany admitted to Mr. Kingham that he had been trying to

an effective means of clearing a path to the target audience. Either an adventisement or an insert into the Delegate Pack is not only part of the information the delegates receive on registration, but also part of a reference they would use after the event. Hosting one of the social events, a lunch or cocktail party during the conference, gives a more immediate chance to make an impact.

"An amusing, well-planned welcome speech can get across the corporate messenge more effectively than arry hard sales pitch." Mrs Northey claims. "The host speaks to an audience which is already receptive and open to what he has to say. A company can reinforce the message by distributing their company literature as well. There are not too many other business situations where you can make your company known to a receptive audience of such high quality. As a marketing tool, this kind of sponsorship really works."

"See page 4 for more information.

The importance of knowledge...

Ond Deculve, Maraging Dector, Board Dector, President Sensofice Come Fra Vice President 32%

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Davies Street

Delegate Breakdown Chart



A breakdown by job title of all attendees at FT Canferences in the last 12 months

See 8 Maneura Maragement

Barten Stategy Devopment Yaragemen 10%

1.78

175000

71.17

1

12TH OCTOBER 1994

FINANCIAL TIMES CONFERENCES REVIEW

Marketing **Opportunities** for 1994/95

In response to requests from companies to bring their products and services to the notice of our international audiences of key senior decision makers, we have initiated a programme of marketing opportunities.

These opportunities include: sponsorship of cockiail receptions and lunches, exhibition stands, advertisements, insentions and distributions of promotional literature. FT Conferences will also consider other sponsorship opportunities. Companies which have previously taken advantage of these opportunities are:

Hoskyns Group

- British Nuclear Forum **Boston Consulting Group**
- Credit Lyonnais Rouse **Bull Information Systems**
- D G Gardner & Co Ltd Coopers & Lybrand
- Enron Digital Equipment Corporation
- Ernst & Young Federicks Michael & Co Development Corporation

Rolls-Royce

- Merrill Lynch
- Norsk Hydro
 PA Consulting Group London Bullion Market Association International Securities Market Association National Rivers Authority National Grid Company



subject to approval
opportunity to invite additional
personnel from the sponsoring
company to attend the lunch INSERTIONS

Promotional literature, subject to approval, is accepted in the conference documentation.

The promotional leaflets or

logo
display of publicity material within the registration area.

opportunity to produce menu cards with company name and

The promotional leaflets or brochures can be hole-punched into the conference folder or slotted into the plastic pocket located on the inside front cover of the folder.

Promotional literature or publica-tions, subject to approval, are dis-tributed to all attendees within the conference room during refresh-

2

ment breaks.

There is only one distribution per refreshment break thereby ensuring maximum exposure for each distribution. Any literature left over after distribution are displayed around

90-120 minute reception held the night before the conference or at the close of conference sessions on

he first day. Drinks and canapes

served

tion includes:

one free delegate place

acknowledgement in the final conference programme

opportunity to produce official invitation cards with company name and logo

opportunity for chief executive or other senior company representative to give 3 minute welcome address, subject to

Sponsorship of a cocktail recep-

SPONSORED FUNCTIONS

conference documentation.



the conference area but not within the conference room.

JOINT INDUSTRY SURVEY

There are opportunities open to companies interested in joining us in developing industry surveys connected with our conferences.



EXHIBITION STANDS

well-researched information, provided

refreshment breaks take place.
The stands are shell-schemes, made of flame-proof black nylon loop panels and connected by colour co-ordinated steel up-rights and cross members. Each panel is 2.1 metres high and .945 metres wide.
All stands, excluding the graphic panel, include a display table, chairs, electricity multiblocks, literature racks and spotlights.
Alternatively companies can bring their own display stands.

approval

display of publicity material within the cocktail reception area, subject to approval

opportunity to invite additional personnel from the sponsoring company to attend the ADVERTISING
ADVERTISEMENTS
Colour or black and white advertise-

conference programme two free delegate places acknowledgement in final

Sponsorship of a conference lunch includes:

CONFERENCE LUNCH
90-120 minute lunch held within the
conference venue. Drinks followed
by a 3-course lunch with wine are
served to all attendees.

ments are accepted in the conference documentation given to all attendees upon their arrival at the conference.

The advertisements appear on the back of the four divider boards within the conference folder facing

within the confe printed matter. The divides

The dividers are marked; Programme, Speaker Biographies, Delegate List, Speakers Papers

areas of interest, and we will supply FREE samples of relev

FINANCIAL TIMES

Our titles cover 50 specialist topics in the fields of Finance, Insurance, Law, Energy, Pharmaceuticals, New Technology, Utilities, Telecommunications, Automotive, International Markets and Media. Each newsletter is edited by an acknowledged expert on the subject who can draw on the unrivalled resources and support of the Financial Times Group around the world. Coverage of each area is comprehensive, but succinctly expressed - we provide you with in-depth information, analysis and comment which is organised to make it easily accessible, saving you hours of time reading through more general publications.

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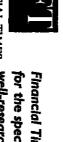
Financial Times Newsletters Enquirles, Marketing Department (C), 3rd Floor, No I Southwark Bridge, London SEI 9HL /ely, for fast service fax this form on (+44) 171 873 3935:

tioned below, with the acceptantage of having your company branded (supported by X) on all trachures, advertisements and

It is now possible for reputable international companies to involve themselves in overall sponsorship of FT Conferences. An individually tailored package can be built-up including the opportunities mentioned below, with the added

SPONSORSHIP

For further information and costs please call Mrs Lynette Northey on (+44) 171-814 9770.



Financial Times Newsletters are designed for the specialist who needs to rely on

regularly in a clear, easy-to-read format.

In early 1995, the United States will witness the biggest ever auction for cellular telephone licences. The US government is hoping to raise more than \$10 billion in personal communications services licences. In the run-up to the auctions, existing cellular operators are merging their regional cellular operations to create national businesses.

The conference examines the major worldwide trends in mobile communications. It offers insights into the current state of play and thinking about the trends that will shape the industry in the years to come.

Speakers
Mr Malculm H Ross, Senior Consultant, Arthur D

Mr Steve Rowley, Director, Cellnet
Mr John MacDonald, European Business Manager, Little International
Mr Neil McCurtney, Editor, FT Mobile

Retail, Motorola ECSD

Ms Lisa Gernon, Group Director of Marketing,
Hutchison Telecommunications (UK) Limited
Mr W-Rüdiger Struck, Managing Director,
Marketing & Sales, E-Plus Mobilfunk GmbH
Mr Charles Wigoder, Managing Director,
The Peoples Phone Company Ple
Dr Joachim Dreyer, Chairman of the Board,
Debitel Kommunikationstochnik
Mr Barry A Kaplan, Vice President, Goldman Sachs
& Co

Mr Mark Bell, Vice President of Operations in Central & Eastern Europe - Wireless, US WEST Mr John Jarvis, Chief Executive Officer, RAM Mobile Data Ltd Mr Vern Tyermun, Vice Prosident Europe, AirTouch

Mr Peter Luff, Assistant Vice President, Product Marketing, Public Cordless Systems, Northern

Mr Martin Heath, Principal Consultant, KPMG Peat Marwick

Mr Armin Silberhorn, Head of Division for Standardisation and Type Approval, Ministry of Posts and Telecommunications, Germany Dr Keith Baughan, Vice President - Research, Nokiu Mobile Phones Dr Hons Baur, Member of the Board, Siemens AG Dr Bjorn Wellenius, Telecommunications Adviser, The World Bank Dr David Cleevely, Managing Director, Analysys Limited Mr Robert B Morris III, Managing Director, International Equity Research, Goldman Sachs

In association with FT Mobile Communications WORLD TELECOMMUNICATIONS

Location: LONDON

DECEMBER 6 & 7 1994

Mr Neil McCartney, Editor, FT Mobile

The international telecommunications industry is in a state little short of revolution. Privatisation liberalisation, technological advance and rising social and political expectations are combining to uccelerate the pace of change. Communications

Dr Edward F Stalano, President & General
Manager, General Systems Sector Motorola Inc
Mr Don Cruickshank, Director General,
Office of Telecommunications (Ofiel)
Mr Noboru Miyawaki, Director, Research and
e Development, Executive Board Director, NTT

Five years from now, in all likelihood, most of the world's leuding telecoms operators will be in the private sector. Most of the world's major markets will be open to compelition in the provision of telecoms services. International alliances and joint ventures – even mergers between existing PTIs – will be u way of life.

The developed world will be in the throes of constructing "superhighways". Operators, manufacturers and service providers from outside the traditional telecoms arena will be struggling to sell an array of new broadband business, entertainment and interpartive services. Subject:

Date:

FEBRUARY 8 1995

Lucation:

LONDON

INTERCONNECTION - THE EVOLVING UK PROGRAMME AND ITS INTERNATIONAL CONTEXT

active services.

In the developing world, line growth will be accelerating at unprecedented speed. Mobile communications will be at the centre of the industry, attracting a mass market and widely replacing the traditional telephony function of a fixed line.

The conference addresses each of these trends in Interconnection with British Telecom is uppermost in many operators' minds. It is a complex area. The conference on interconnection, arranged in association with Oftel, will look at the evolving UK programme a and its international context.

After an opening address by Don Cruickshank, Director General of Oftel, the Forum will bring together directors from Oftel to examine competition issues, accounting separation and the longer term issues of universal service obligation, access deficit charges, alternative costing and charging structures. Other access issues such as numbering and portability will be addressed as well as technical barriers.

Speakers from the European Commission. Department of Trade and Industry and the US Federal Communications Commission will give their views on interconnection and infrustructure competition.

The conference addresses each of these trends in an international context. Speakers include senior politicians and regulators, chief executives of leading telecoms companies from all sectors of the industry,

Speakers:
Sir Donald Mattland GCMG, OBE, Chairman,
ThinkNet Commission (1989-), Chairman,
Independent Commission for Worldwide
Telecommunications Development (1983-85) and leading analysts.



Deutsche Bundespost Telekom
Sir Isin Vallance, Chairman, BT
The Rt Hon Lord Young of Graffiam,
Executive Chairman, Cable and Wireless ple
Dr Martin Bangenann, Member,
European Commission
Dr Michael Nelson,
Special Assistant for Information Technology.
The Office of Science and Technology Policy, US
The Honorable Andrew C Barrett, Commissioner,
Federal Communications Commissioner,
Federal Communications Commission
Mr Zhno Welchen, Chairman, China United
Telecommunications Corporation (China Unicom)
Mr John Crook, Strategic Issues Manager, Telecom
New Zealand Limited Mr Carl-rries....
Meinber of the Management but Meinber of the Mei Dr Andrew Adonis, Telecommunications
Correspondent, Financial Tinnes
Mr Paolo Guidi, President, Sprint International
Mr Carl-Friedrich MetBaer. ment Board, Date:

Subject:

CABLE, SATELLITE AND NEW MEDIA

Location:

LONDON

FEBRUARY 27 & 28 1995

This will be the fourteenth conference in the popular Cable & Satellite Broadcasting series. The '95 event will take as its theme 'Cable, Satellite & New Media'. Never has interest in the media, in all its many forms, been greater. In the US, the Clinton administration pursues its vision of an electronic superhighway and corporations try to turn the theory of the convergence of computers, telecommunications and entertainment into new business alliances and energers. In Europe, the Commission has identified the sector as one of the four nost promising prospects for growth - likely to account for as much as 5 percent of world gross domestic product by the turn of the century. Everywhere new channels are being launched and the potential of new technology assessed. The conference will try to separate the hype from reality. It will focus on satellite television and the growth of cable television, backed by North American money in the UK and based on a dual stream of revenue from both entertainment and telephone services.

The new technical opportunities will be reviewed and the prospects for many new channels through digital terestrial television.

Despite all the interest in the new services and new technology, public service broadcasters are fighting back and indeed in the US there are plans to launch two new networks. These developments will be addressed during the two duys.

Under the chairmanship of Lord Thomson, former Chairman of the Independent Broadcasting Authority, and Ray Snoddy, the Financial Times Media Correspondent, the following speakers will be taking part:

taking part:

In association with FT Telecom Markets

Speakers:
The Rt Hon Lord Thomson of Monifieth,
Former Chairman of the Independent Breadcasting
Authority
Mr Robert Phillis, Deputy Director General,
British Broadcasting Corporation
Dr John R Forrest, Chief Executive,
National Transcommunications Limited
Mr Jon Davey, Director of Cable & Satellite,
Independent Television Commission
Mr Ray Snoddy, Media Correspondent,
Giannacial Transc Financial Times

Mr Neil Blackley, Media Analyst, Goldman Sachs

Dr Alan Rudge OBE, Managing Director,

Development & Procurement, BT

Mr Stephen Davidson, Executive Vice President and
Chief Financial Officer, TeleWest Communications

Group Limited
Sir David English, Chairmun & Editor-in-Chief,
Associated Newspapers Ltd
Mr Mark Wood, Editor-in-Chief, Reuters Holdings
PLC

Mr Richard Wolfe, Chief Executive,
Landmark Travel Channel Ltd
Dr Helmut Thoma, President, RTL Television
Mr Andy Allan, Chief Executive,
Carlton UK Television

In association with FT New Media Markets

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He continued "We have taken precautions to ensure that investors have a maximum return for their timestments. Nationalisation was a fundamental part of ANC policy. But in order to attract investments it was clear to us that we had to make a very significant shift; if we did not, we would not get investments. If there will be no expropriation of foreign investments. In Investors will be free to repatriate dividends and if an investor sells his business, he will be able to export at those proceeds. We believe in keeping our tax rate ut low so as to attract foreign investment. That's a decid-by ed udvantage".

Timed to coincide with the Government's first full by budget which is due to include details of reforms, privatisation, potential investment opportunities and incentives, this high profile conference will give international businessmen a keen insight into the potential offered by the new South Africa and an opportunity to meet senior South African businessmen and offile

Speakers list has yet to be finalised In association with FT Southern Africa Business Intelligence

NORWAY - OPPORTUNITIES FOR TRADE AND INVESTMENT* Subject:

LONDON Location:

AUTUMN 1995 Date

Norway's entry into the European Community in January looks almost certain and once this step has been taken opportunities for trading with and investing in Norway will develop.

This two day conference, held in association with the Norwegian British Chamber of Commerce will take an in-depth look at these opportunities with an everall objective of fostering links between Norwegian enterprises and companies from other European countries. Speakers will include senior C Norwegian government ministers and the heads of C Norwegian government ministers and the heads of C

Speakers list has yet to be finalised



EASTERN EUROPE

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DOING BUSINESS WITH HUNGARY -- INVESTMENT PROSPECTS
RE.APPRAISED Subject:

BUDAPEST Location:

NOVEMBER 14 & 15 1994

The four years since the fall of communism have been challenging ones for Hungary. That was true across all of eastern Europe, but Hungary has contended with its own unique trauma. The spotlight of international attention has shifted. The country began the decade as eastern Europe's economic pioneer. But Hungary's hesitant economic growth has paled beside that of Poland, and large economic imbalances compare poorly with the Czech Rupublic's financial stability. It may now be time, however, for investors to look puffeels at Hungary. The smooth transition of power after the May elections underlined Hungary's or remarkable political steadiness. The Socialist-led government appears prepared to confront excessive as social spending that its conservative predecessor can feared to touch. Firm action on the budget deficit will all help Hungary meet its debt payments and free up the resources for private-sector investment.

Hungary has, ever since reforms began, heen relatively welcoming towards foreign investment. The Grew administration is proving ever warmer. Less at beholden to the nationalist constituency than its construction to the nationalist constituency than its construction of secontside control even of companies as strategic as the utilities and banks.

In Once Hungary completes privatisation and stabilise est the economy, the country's economic revival looks is the economy, the country's economic revival looks is the economy, the country's economic revival looks is the economy think productivity will settle above western leviplants think product

Speakers:
Dr Gyula Horn, Prime Minister of Hungary
Mr László Békesi, Minister of Finance, Hungary
Mr Peter Akos Bod, President, National Bank of

Hungary
Professor Béla Kádár, Former Minister of
International Economic Relations (IER), Chairman,
Parliamentary Committee on the Budget
Professor Anders Aslund, Senior Associate,
The Carnegic Endowment for International Peace
Professor László Csaba, Senior Economist,
Kopint-Datorg Rt
Mr András Kereszty, Editor-in-Chief, Népszava
Dr János Martonyt, Partner, Baker & McKenzie,
Former State Sceretary, Ministry of Foreign Affairs,

Hungary

Mr Andrew Rogerson, Resident Representative and

Manager, Central European Services,

The World Bank, Hungary

Dr György Surányt, Managing Director,

Centrul-European International Bank Ltd

Dr Lajos Bokros, Chuirman & Chief Executive

Officer, Budapest Bank Ltd, Chairman of the

Council, Buchapest Stock Exchange

Dr László Láng, Chairman, Central European

Resuarch Centre, Inc

Mr Ferenc Bartha, Government Commissioner for Privatisation, Hungary

Dr Lajos Csepi, General Manager, State Holding

Company Rt

Mr George Wadia, Director, International Finance

J Henry Schroder Wagg & Co Limited

Mr Lászkó Pál, Minister for Industry and Trade,

Hungary

Hungary
Dr Mark von Lillienskiold, Executive Director Meniber of the Operating Committee, Hungarian
Telecommunications Company Limited (MATAV)
Mr János Bartha, Chief Executive Officer, CS First
Boston (Budapest) Rt
Mr András Simor, Managing Director, Creditanstalt

Securities Ltd
Dr István Orbán, Chief Executive Officer, EGIS
Pharmaceuticals Ltd
Mr Gábor Bajár, President, Graphisoft R & D
Software Development Company
Mr Ernst Hofmann, Managing Director, Opel Hungary
Dr Károly Lotz, Minister of Transport,
Communication and Water Management, Hungary :

Official Carrier - Luftansa

POLAND, MAJOR INDUSTRIAL. AND INFRASTRUCTURE PROJECTS IN THE MARKET ECONOMY Subject:

WARSAW Location:

The quickening pace of economic growth in Poland, as throughout the former Eastern block countries, is or placing enormous pressure on existing underdeveloped and underfunded infrastructure. Modernisation is of industry and infrastructure, meanwhile, is a task to industry and infrastructure, meanwhile, is a task to afford to meet through traditional forms of le afford to meet through traditional forms of le afford to meet fungary has been the pioncer in C attracting private finance for public projects through mether successful completion of the financing of the h MI-MIS Motorway network. **DECEMBER 12 & 13 1994**

Poland is set to follow the trend with a major Government initiative to involve private domestic and foreign investors in the construction of a national road network at an estimated value of US\$R.7bm. Opportunities of equal that amount will emerge for the construction of associated infrastructure along the planned networks. The Financial Times conference in association with the Institution of Civil Engineers [ICE] and the Ministry of Transport and Maritime Economy of Poland, will mark the commencement of the bidding process for these important projects with a major conference to explore the policy, financing, legal and project management issues involved in major projects in Poland.

Speakers list has yet to be finalised.

DOING BUSINESS WITH THE CZECH REPUBLIC Subject:

In association with The Institution of Civil Engineers

PRAGUE

· JUNE 1995 Location: Date:

The third in a series of conferences focusing on the potential for trade and investment with Eastern European countries. Following on from a highly successful meeting in Poland in March, 1994 and our conference in Hungary in Nevember the spotlight falls on the Czech Republic.

Mr. Vladimir Dlouhy, the Minister for Trade and Industry, recently stated that in the short term the Czech Republic's high skills/low wage cost workforce and an under-valued currency were the economy's main assets. This combined with economic stability and a desire to be recegnised as a country that produces high quality gwads makes the Republic look an uttractive place for investing, joint ventures and slart-ups.

At this high profile forum, senlor ministers, Czech and international businessmen, unalysts, hankers and lawyers will assess the country's current and future potential.

Speakers list has yet to be finalised.



COMMUNICATIONS

WORLD MOBILE COMMUNICATIONS Subject:

LONDON Location:

OCTOBER 17 & 18 1994

Date:

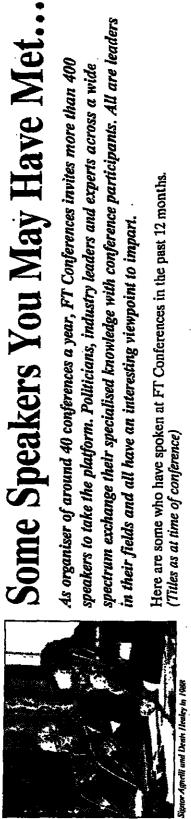
Mobile communications is taking centre stage in the worldwide explosion in telecommunications. There are more than 40 million subscribers worldwide of which roughly a half are in the United States and a quarter in Western Europe. The number of cellular telephone subscribers worldwide is growing at 40 per cent a year.

The explosive growth in the number of subscribers is due to the licensing of competing network operators, and the adoption of consumer marketing tors, and the adoption of consumer marketing approaches. Most countries in Europe now have at least two cellular telephone operators. The European Conmission — which published a green paper on mobile communications in April—is snapping at the heels of those member states which are delaying the award of second licences.

FINANCIAL TIMES CONFERENCES REVIEW

Marketing Opportunities for 1994/95

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As organiser of around 40 conferences a year, FT Conferences invites more than 400 speakers to take the platform. Politicians, industry leaders and experts across a wide

spectrum exchange their specialised knowledge with conference participants. All are leaders in their fields and all have an interesting viewpoint to impart.

Here are some who have spoken at FT Conferences in the past 12 months. (Titles as at time of conference)

HH Sheikh Ahmed Bin Saeed Al President, CAA Dubai

I'im Eggar MP Minister for Energy, UK

::·

Tan Sri Zain Azraal Chairman, Malaysia Airlines Luis Angel Rojo Governor, Banco de España

The Rt Hon William Waldegrave MP Minister for Public Service and Science Cedric Brown Chief Executive, British Gas

Rem Ivanovitch Vjachirev Chairman of the Board, Gazprom Robert Phillis Deputy Director General, BBC

Robert Ayling Group Managing Director, British Airways

Louis Gallois Chairman and Chief Executive Officer Aérospatiale

Dick Evans CBE Chlef Evecutive, British Aerospace

Serge Dassault Chairman, Dassault Aviation



Christiane Scrivener Member, The European Commission

Glorgio Garuzzo Chief Operating Officer, Fiat

Anwarul Hoda Deputy Director General, GATT

Chief Executive, Channel Four Television Corporation Michael Grade

Chairman of the Board and Chief Executive Officer Chrysler Corporation

Robert Eaton

José Ignacio Lapez de Arriortua Meniber of ihe Board, Volkswagen

Michel Carpentler Director General DG XIII European Commission

Sir Iain Vallance Chuirman, BT

Chairman and Chief Executive, Central Independent Television Leslie Hill

James Ross Chief Execuive, Cable and Wireless

Waldemar Pawlak Prime Minister of the Republic of Polund The Rt Hon Sir Michael Palliser GCMG Vice Chaimun, Samuel Monagu &

Henry Wendt Chairman, SnithKline Beecham Dr Franz Humer

Chairnian, Federal Communications Commission, US

James Quello

Chief Operating Director, Glaxo Holdings Ross Sayers

r and Chief Executive ht and Power Company



Pedro Solbes Mira Minister of Economy & Finance, Spain

Gordon Wu Managing Director, Hopewell Holdings Alain Soulas Chief Executive, Arjo Wiggins Appleton

James Sherwood President and Chief Executive Officer, Sea Containers

The Rt Hon Roger Freeman MP Minister for Public Transport, UK

Sir Geoffrey Mulcahy Chairman, Kinglisher

Emilio Botín Rios Chairman of the Board, Banco Santander Dr H Onno Ruding Vice Chairman, Citicorp & Citibank

Trevor Manuel MP Minister of Trade and Industry, South Africa

Manuel Marín Vice President, European Commission

Sir Alastair Morton Co-Chairnan, Eurohunel

Viscount Etlenne Davignon Chairman, Sociélé de Belgique

Lord Alexander of Weedon QC Chairman, National Westminster Bank

The Rt Hon Sir Leon Brittan QC Member, European Commission Richard Boyle Vice Chairnan, The Chase Manhattan Bank George Mallinckrodt Group Chairman, Schroders



Per Westerberg Minister of Industry and Commerce, Sweden

The Rt Hon Virginia Bottomicy JP MP Secretary of State for Health, UK

Feedback from delegates stds.ths continual improventent of ITC's activities A selection of continents received from attendees at recent conferences reflects the high standards FTC sets for itself. "A good job well done" "Good mix of strategic and marketing issues with good speakers" "Excellent diversity of speakers and the range subject matter" and the range subject matter" and the range subject matter. y opinion, outstanding* conference organisation last week. The speakers were excellent, the content fascinaling and the hotel facilities and food "Very valuable for contacts and developmental overview" "I am writing to thank you for the conference organisation last What the delegates said,..... "It's a very useful barometer of industry issu "Capable, friendly and glamore administration from London "Very professional administration" "Quality and relevance of speakers were good" make the competition pale in comparison"

PAST SPEAKERS **PAPERS**

The following is a list of the available speakers' papers from last year's conference programme, together with some of the key speakers and topics. They are available fully bound, and cost £230. To order, please use the relevant section of the application form on page 15. (Titles as at time of conference).

: Policies for Packaging and Packaging Whate r Yannis Paleokrassas rather of the Commission (responsible for rutonament, Nuclear Safety & Civil prection) Commission of the European parmunities 993, London Speekers Include: in Packaging Legislation emens Stroetmaan Secretary, Minkser for the Environn e Conservation & Nuclear Safety,

HW Sheikh bin Saced Al Maktoum HW Sheikh bin Saced Al Maktoum President, Department of Civil Aviation, Dubat, Chabinan Emirates dsfor Air Trau nsport in the Asia-Pacific

World Electricity
November 1993, London Speakers Include:
Germany's Future Energy Policy
Dr Roll Bletholf
Member of the Board of Directors, RWE
Energie Sp.4 Vir Ginnfranco Castelli
Zentral Director, ENEL SpA
Sectority Developments in the CIS
Dr Vladlanir Djangufrov
Theirman of the Executive Committee,
Sectric Power Council of the CIS osed Privatisation Programme and

The Fifth FT Petrochemicals Conference Global Prospects Bayond the Recession Vovember 1993, London Speakers Include: Corporate Covernance and the Global Chemical

sary

Markett D Kennedy

britan & Chief Executive Officer,

on Carbide Corporation idward A Wilson President, Strokegic Planning, Dow pe SA ustry Appraisal Update: Is Pricing the

The Economics of Rail Private Sector
Opportunities for the Private Sector
Iveniber 1973, London Speakers include:
The Rt Hon Roger Froeman MP
Minister for Public Transport
A Would-be franchised Stew of the Market
Mr James B Sherwood
President and Chief Executive Officer
Sea Containers Limited oing Business with Spain The Economic Challenge of a New ernment
simber 1993, Madrid Speakers include:
Apertura El Reto Economico
D. Podro Solbes Mira
Ministro de Economía y Haclanda Asia-Pacific Telecommunications
- A Magnet for Foreign Investment
March 1994, Hong Kong Speakers include:
Regulating Compatition in the Asia-Pacific Region
Mr Robin C Davey
Chairman, AUSTEL Growth of Mobile Communications in the

The European Water Industry
March 1994, London Speakers include:
The Costs Challenges for Europe's Water
Industry of Meeting EC Regulations
Mr Roderick Paul
Group Chief Executive, Severn Trent Plc
Water Pricing in the UK - The Penodic Review
Mr Ian CR Byatt
Director General, Office of Water Services
UK Water Quality Standards and the European
Regulatory Framework
The Rt Hon the Lord Crickhowell PC
Chabman, National Rivers Authority

nsions - A Time for Change benter 1993, London Speaker include: Government Persions Pokey for the 1990s Mr William Hague MP Under Secretary of State, Department of Social Security, UK

im Ross ider Clay & Partners, Vice Chain

3 Papel de Futuro del Barco de España D. Luis Angel Rojo Fobernador, Banco de España

World Pharmaceuticals
Planch 1994, London Speakers Include:
Operating Effectively within the Japaness NHI Price System
Mr Kunio Takeda
President and Chief Executive Officer,
Takeda Chemical Industries, Ltd
Improving the Structure, Economics and Productivity of Marketing and Sales
Mr Kurt W Britter
President and Executive Director, Sanofi Pharma Doing Business with Poland March 1994, Warsaw Speokers include: Mr Waldemar Pawlak Prime Minister of the Republic of Poland

orld Telecommunications
scamber 1993, London Speakers Include:
European Community Telecommunications Policy
Mr Michel Carpentior
Director General, DG XIII
(Telecommunications, Information Market
and Exploitation of Research) Commission of
the European Communities
Managing A Hybrid
Mr Ialn D T Vallance
Chabranan, BT Relecommunications Policy James H Quello Paral Communications Con

International Packaging and the Environment October 1993, London Speakers Inchina

r the Recession - World Commandon at the Crossroads
unber 1993, Dubal Speakers include:
loweds the Era of Mega-Carners and

Cable and Satellite Broadcasting
February 1994, London Speakers include:
Digital Compression
Dr John R Forcest
Chief Executive, National
Transcommunications Limited

egor hn Sri Zain Azınsi Hairmarı, Malaysia Airlines

Commercial Aviation in the Asia-Pacific Region - Expansion, Opportunities and Constraints
February 1994, Singapore Speckers include:
The Globalisation of Commercial Aircraft Manufacturing - Expanding International Partnerships
Mr Richard Albracht
Executive Vice President, Boeing Commercial Aitplane Group The BBC in the International Market Place Mr Robert Phillis Deputy Director General, BBC

Francis P Avanzi Ident & Clief Executive Officer, CFM national

London Motor Conference
February 1994, London Speekers include:
Buiking Manulacturer - Supplier Relationships
Mr Yukihisa Hirano
Managing Director, Toyola Motor
Manujocturbig (UK) Lid
The Pursuit of Edraordnary Customer
Satisfaction
Mr John Russell
Managing Director, Rover International,
Rover Group Lid

Mī Henry R Goldstoin President & Chief Executive Officer, Pacific Link Communications Limited

European Telecommunications
- Responding to Change
June 1994, London Speakers Include:
Regulation in a Competitive, Pultimedia
Marketplace - Does Europe Need a US Style
Federal Communications Commission?
Sir Bryan Carsberg
Director General of Fair Trading
The Future of Competition in the European
Telecommunication Industry
Mr Michael Hepher
Group Managing Director, BT

The Outbook for Natural Gas in the 1990s and Beyond
December 1993, Vienna Species include:
Norway's Gas Policy and the Single European Market
Mr Peter Melibye
President, Natural Gas Skatoll

Building a Global Gas Business Mr Ceulric H Brown Chief Executive, British Gas

Resource Management in the Public Sector
February 1994, London Speekers include:
Public Service and the Fixture
The Rt Hon William Waldergrave MP
Minister for Public Service and Science, UK
The UK's Government Market-Testing
Programme
Sir Peter Levene KBE
Prime Minister's Adviser on Efficiency &
Effectiveness

World Pulp and Paper
May 1994, London Speakers Include:
Post-Recession Global Strategics; Competition,
Inade and the Environment
Mr Alain Soulias
Chief Executive, Arjo Wiggins Appleton plc
Industry Restructuring in Europe
Mr Robert F W van Oordt
Chalmon of the Executive Board,
N V Kontriklijke KNP BT

World Gold

June 1994, London Speakers include:
The Bank of England and the International Gold
Blanchers Busness
Mr Ruperi Fonnani-Rea
Deprity Governor, Bank of England
The Importance of Gold Mining in the New
South Africa
Mr Marcel Golding
Member of Parliament, African National
Congress

rth Sea Oil & Gas
1994, London Speakers include:
Taking the Long Yeaw - Sustaining the Profitability
of the UK's Upstream Oil & Gas Industry
Mr Heinz C Rothermund
Manuaging Director, Shell UK Exploration and
Production

he Crine Report and its Implications for North ea Reld Development and Operations: A seriew of Progress to Date 14 R Jack Chswell
International UKOOA, Managing Director, Imaco (UK) Exploration Company

Transport in Europe
- Creating and Financing the Infrastructure of the Future
Infrastructure of the Future
Info 1994, London Speakers Include:
The Roll of Government in Promoting the Integrated Transport Networks of the Future
The Rt Hon John MacGregor OBE MP
Secretary of State for Transport, UK
The Problems of Integrating Europe's Rail Network
Mr Kaare Vagner
Executive Vice President, Member of the
Group Executive Committee, ABB Asen
Brown Bovel Ltd

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BANKING & FINANCE . CHEMICALS

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Asian Electricity
April 1994. Hong Kong Speakers include:
Daya Bay Nicdear Power Station
Mr Ross Sayers
Managing Director and CEO,
China Light & Power Company, Limited
The Changing Face of "BOT"
Mr Gordon Y S Wh
Managing Director, Hopewell Holdings
Limited
Limited

Asian Capital Markets
April 1994, London Speakers Include:
China's Reform Process
Mr C G Wu
General Manager, Bank of China
Impact of Emerging Regional Markets on South
Fast Asia

Mr Hugh Psyman
Managing Director, Kleinwort Benson
Managing Director, Kleinwort Benson
Research Securities (Asia) Pie Limited
Opportunities and Problems of Portfolio
Investments in India
Mr Mark Bullough
Managing Director, Jardine Fleming India
Securities Pri Lid
Securities Pri Lid

Rémy Carle suty General Manager, Electricité de ncc, Chatman, WANO

International Infrastructure Finance
- Build - Operate - Transfer (BOT)
October 1994, London Speckers include:
Government's Role in Major Infrastructure
Projects BOT
Dr Jacques Rogozinski
President & Chief F

The Evolution and Future of BOT and Alternative Structures: Advantages and Disadvantages of BOT as a Project Finance Mechanism Mr John P Holliban III Managing Director, Morgan Stanley & Co. Limited

The Essentials of Effective Project Management Str Alastair Morton
Co-Chairman, Eurotunnel

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The Roll of Allances and Mergers in Responding to Market Developments Mr Charles Rozmanyn Chief Executive Officer, France Telecom

rceptons fr Patrick Oifford Nationan & Chief Executive, National Trust Management Limited

acques Rogozinski deni & Cilef Executive Officer, Banco onal de Obras y Servicios Públicos, SNC ohras)

Subject: NORTH SEA OIL & GAS

Location: LONDON

JULY 1995

With more than a hundred North Sea oil and gas fields already in production, and many more under development, this conference will examine many of the factors which are pointing the way to the future. These include profitability and investment prospects against a background of low crude oil prices; the suitability of current tax regimes for small as well as large companies; the increasing importance of North Sea gas to the European energy economy and, already to the forefront of North Sea thinking, the question of abandonment or destruction of obsolete offshore facilities.

These and other issues related to the huge North Sea industry will be discussed at this renowned annual conference by leading executives from the North Sea operating companies, governments and the financial community.

Spcakers list has yet to be finalised.

In association with the FT North Europen Offshore News Sea Letter

Chairman o. Crist Management Li
Flembig Investment Trust Management Li
Multimedia - Vision and Reality
July 1994, London Speakers include:
Advertising in the Era of Personal Media
Mr Martin Sorrell
Chief Executive, WPPP Group ple
Pubmedia - A View of the Future
Prof. Nicholas Negropomie
Prof. Nicholas Negropomie
Director, The Media Laboratory
Massachusetts Institute of Technology

World Aerospace and Air Transport
The Next Millennium
September 1994, London Speakers Include:
Restructuring, Growth and the Impact of
Government Policy
Mr Robert J Ayling
Group Managing Director, British Airways Pic
Can the Medium-Szed Arime Survive?
Mr Jan Stenberg
President & CEO,
Scandinavian Airlines System (SAS)
Nuclear Industry - Into the 21st Century?
September 1994, London Speakers include:
The Outlook for Nuclear in North America and
Western Europe
Mr James Hann CBE
Chairman, Scottish Nuclear Limited
Mr Rému Carlo

Retailing Towards 2000

- Combining Vision and Efficiency
September 1994, London Speekers Include:
Retailing in the Mid-1990s and Beyond
Mr Nalm Autollish
Group Chief Executive, Asprey plc
Mr Teh Ban Llan
Group Managing Director & Chief Executive
Officer, Emporium Holdings (Singapore) Ltd.
Chairman, Singapore Retailers Association

International Banking Processing Responders Include:
Saptember 1994, Madrid Speakers Include:
Banking in Europe – Strateges for Expansion Mr Emilio Botin Rios
Chairman of the Board, Banco Santander
The Future for International Banking in the Mid1990s and Beyond
Lord Alexander of Weedon QC
Chairman, National Westiminster Bank plc
Are Banks Becoming More Adverse to Credit Rsk?
Are Banks Becoming More Adverse to Credit Rsk?
Mr Richard J Boyle
Vice Chairman, The Chase Manhatian Bank
N.1

Bringing together leading representatives of Asia's electricity supply industry and of western companies expanding their activities in Asia. This well supported annual event will look at the challenges facing companies seeking business opportunities in the world's fastest growing economic region. Subject: Speakers list has yet to be finalised. In association with FT Water Briefing. Speakers list has yet to be finalised. Location: HONG KONG ASIAN ELECTRICITY



Speakers list has yet to be finalised.

In association with Business Standard and FT India Business Intelligence.
Supported by Phoenix International Ltd. Delhi.
Offical Carrier Thai Air

SPECIAL ANNOUNCEMENT — This conference was originally planned for the 26 and 27 October 1994, however due to the current exaggerated international publicity concerning health problems in India and in the interest of generating the maximum amount of debate between senior international and Indian businessmen it has been decided to postpone the event until Spring 1995.

THE RECONSTRUCTION OF THE LEBANON – OPPORTUNITIES FOR THE PRIVATE SECTOR

BEIRUT

JUNE 1995

Following, the devastation caused by sixteen years of civil f war, estimated at US\$25bn by the UNDP, a considerable effort is now well under way to rebuild, repair, and expand Lebanon's infrastructure and capital stock.

The reconstruction strategy is based on the premise that most of the reconstruction and recovery will be undertaken by the private sector, leaving the government to concentrate on the rehabilitation of basic infrastructure. As such, the government has undertaken to create an environment conducive to private sector investment, consisting of financial, tax and legal incentives.

Dr. Youssef Choucair, Senior Advisor to the Prime Minister of the Republic of Lebanon on Economic Affairs and Reconstruction stated at a Financial Times conference last week that "The overall reconstruction requirements are included in a ten year programme to the repair, rebuild, and expand infrastructure, entitled for

FINANCIAL TIMES CONFERENCES REVIEW

LONDON THE EUROPEAN WATER INDUSTRY 2TH OCTOBER 1994

Location: **MARCH 1995**

The European water industry is going through a period of unparalleled change. Government and Commission directives on treatment of waste, water quality standards and pricing structures have placed cost and operating pressures on Europe's water companies.

International privatisation and infrastructure redevelopment in many countries offer the potential of lucrative contracts, but the risks can be substantial. This established annual meeting will look at how these and other important issues are likely to impact on the European water industry of the future.

Horizon 2000. The programme is estimated to cost between US\$10bn and US\$12bn at constant 1992 prices, an investment figure equivalent to around 11 per cent of projected cumulative GDP over the period. The private sector is expected to invest an additional US\$20bn over the same period of time. If these assumptions are realized, GNP will double by 2002". This conference timed to coincide with the 'Beirut Towards 2000' exhibition will assess the opportunities for the private sector and allow discussion with government speakers of the highest level.

WORLDWIDE BUSINESS

:: :::

Subject

DOING BUSINESS WITH SPAIN
- SPAIN COMPETING IN EUROPE

In association with 'Beirnt Towards 2000' exhibition. For further information please indicate your interest on the enquiry form on page 15.

Location:

MADRID

NOVEMBER 23 & 24 1994

Date: Location: SPRING 1995 NEW DELHI INDIA'S ECONOMIC RENAISSANCE

Three years after starting on the road towards economic liberalisation, India is beginning to see the fruits of its efforts to integrate its economy with the rest of the world. Foreign trade is growing, as is the inward flow of foreign investment. Indian companies are busy restructuring their operations to meet the challenge of international competition, while foreign companies are planning and making moves to establish or expand their businesses in India. Yet much more needs to be done before the economic modernisation of India is complete. Key state-controlled industries, including electricity, telecommunications, and transport, suffer from chronic under-investment and over-manning. Businessmen complain that the bureaucracy still exerts a stifling influence over commerce. India lags behind many other developing countries in providing its people with education and health services.

The government of Mr P V Narasimha Rao, the Prime Minister, is aware of the challenges it faces. Three years is a short time in the life of a nation of 900 million with an ancient history. It will take much longer to finish the work which Mr Narasimha Rao's administration has begun, but the foundations have been laid for a more modern, more prosperous and Incore outward-looking India.

This year's Finuncial Times conference on Spain comes at a time when the country faces complex political and economic challenges. At the centre of the national debate is Spain's ability to achieve a sustainable growth that will allow it to deliver a credible convergence programme with the richer economies of the European Union. In the second half of the next year Spain will hold the presidency of the E.U.

Prime Minister Felipe González is attempting to reguln the initiative after the worst 12 months of his 12 years in office. A steep recession, the most severe in Spain's living memory, and a succession of corruption scandals, contributed to strong gains by the centre-right opposition in June's European elections and in the concurrent vote to re-elect the regional parliament in Andalucia, the former bastion of support for the ruling socialist party.

The issue of political leadership is vital as the economy recovers and is set to grow next year. Will the government use the forecast economic expansion to correct the structural inbalances which lie at the root of Spain's high public deficit and its very high unemployment level? Can the Spanish economy, which performed so robustly during the growth cycle of the 1980's, avert a 'stop-go rut'?

Speakers:
D. Pedro Solbes Mira, Minister of Economy &

D. José Antonio Grinan Martinez, Minister of Labour & Social Security, Spain Lord Nicholas Gordon Lennox KCMG, KCVO, Former British Ambassador to Spain D. Antonio Garrigues Walker, Managing Partner, E. A Garrigues Finance, Spain D. Lufs Allenza Serna, Minister of Agriculture, Fisherics & Food, Spain

J & A Garrigues

D. José Miguel Zaldo, Chairman & President,
Grupo Tavex

D. Carlos Espinosa de los Monteros, Chairma

D. Carlos Espinosa de los Monteros, Chairman & Chief Executive Officer, Mercedes Benz España, SA D. Osenr Fanjul Murtín, Chairman, Repsol SA D. Gonzalo Hinojosa, Managing Director, Cortefiel SA, D. Alberto Recarte García-Andrade, Vice President, Centunion

Professor Pedro Nueno Intesta
Mr. Bernard Dumon, Chairman, Saint-Louis Group SA
D. José Muría García-Hoz, Publisher,
Expansión & Actualidad Económica
D. José María Azmar, President, Partido Populur
D. Miguel Mautín Fernández. Deputy Governor,
Banco de España
D. Teofilo del Pozo, Country Manager,
BT Telecomunicaciones, SA In association with Expansion and Actualidad Economica. Official Carrier - Iberia Airways

Subject: Date: Location: SPRING 1995 CAPE TOWN SOUTH AFRICA - THE FIRST AFRICAN LION?*

In a recent interview with the Financial Times, a President Nelson Mandela responded to the question with Versi in South Africa?" "South Africa is potentially a rich country... with developed infrastructure, modern ports, a sophisticated banking system, a confident ports, a sophisticated banking system, a confident ports, a sophisticated banking system, a confident powerhouse of the southern African region."

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ENERGY & UTILITIES

WORLD ELECTRICITY. LONDON Location: Subject.

Location:

An annual overview of the electricity industry which regularly attracts senior businessmen from around NOVEMBER 7 & 8 1994

regularly attracts senior businessmen from around the world.

Against a backdrop of rapid change and considering opportunity this years' conference will examine the continuing global trends of deregulation and liberalism and the competitive environment that this creates, with reference to specific country case studies. In addition we will also cover developments in Eastern and Contral Europe, cross-border purchasing, the development of new fuels and new technologies in power generation, as well as other important topics.

Speakers:

Mr Richard E D Coldwell,
Head of Government & Overseas Relations,
The National Grid Company ple
Commissioner Norman D Shumway,
California Public Utilities Commission
Dr Daniel Deelerce, Energy Director Continental
Europe, Air Product Management SA, Deputy
President, International Federation of Industrial
Energy Consumers
Professor Leigh Hancher, Department of Law,
Erasmus University, Rotterdam
Mr Mare R Ledbetter,
Capability Programme Manager,
Battelle Pacific Northwest Laboratory
Mr Ian Brown, Senior Adviser,
The EC Energy Centre, Hungary
Mr Antony Froggatt,
International Nuclear Campaigner,
Greenpeace International
Professor John H Chasshire, Hoad of the Energy
Programme, Science Policy Research Unit,
University of Sussex
Mr Walt Patterson, Senior Research Fellow,
Energy and Environmental Programme,
The Royal Institute of International Affairs
Mr Michael Brown, Secretary, Cogen Europe
Mr Marcus Nurdin, Managing Director,
World Fuel Cell Council
Dr Gregory J Yurek,
President and Chief Executive Officer,
American Superconductor Corporation
Mr Han Lundgren, Adviser, Vattenfall AB
Mrs Harvetta Asamoah,
Attornev Advisor. Office of General Counsel,

Attorney Advisor, Office of General Counsel, International & Legal Policy, Department of Energy, USA

In association with FT Power in Europe.

NINTH EUROPEAN PETROLEUM & GAS CONFERENCE* NOVEMBER 15 & 16 1994 **AMSTERDAM**

Over the last twenty years the European refining indusity has exportenced much change, not least because of
the collapse of the heavy fuel oll market. Oil product
demand in Europe, as elsewhere in the world, is dominuted by the ever-present and increasing call for automotive, railway, aviation and marine transport fuels.
Inevitably, this pattern of demand has influenced the
dosign and operation of European refineries.

There have been other changes. Great advances
have been made in refinery technology, especially in
the computerisation of refinery systems and processin regulations have imposed stringent limitations on the
disposal of gaseous, solid and liquid wastes from
petroleum processing plants. These new environmental
issues and the European refining industry are presented in association with the European Petroleum
Industry Association, EUROPIA.

Possibly, the most important change of all in the
last two decades, has been the incorporation of
Eastern Europe into the overall European refining
and product market.

A panel of international experts will analyse and discuss these issues from a forward-looking 1994 standpoint, bearing in mind that investment and operational
decisions taken now will determine the shape of the
European oil refining industry into the next century.
Timed to coincide with The Petrotech 94 Exhibition

Speakers:

Mr Frans van Dongen, Managing Director,
International Cooperative Petroleum Association (ICPA)
Mr Tomlhiro Taniguchi, Director of the Office of
Oil Markets and Emergency Preparedness,
International Energy Agency
Mr Phil Trimmer, Manager – Strategy and
Forecasting, BP Oil International
Mr Lars Nelson, Managing Director, Scanraff AB
Mr James J Degnan, Chief Executive Officer,
Kellogg Limited
Mr Mohammed Salch Shalkh All, Chief Executive,
The Bahrain National Oil Company
Mr Gilbert M A Portal, Secretary General,
European Petroleum Industry Association (EUROPIA)
Mr Prudencio Perera, Head of Unit, Urban
Environment (DGI1B3), European Commission
Mr Jef Decaluwe, Secretary General,
European Automobile Manufacturers Association
Mr John Salter, Chairman, Environmental Law
In

Mr Chris Baxter, Vice President, The Chase
Manhattan Bank, NA
Mrs Larisa V Vaseiko, Director of Marketing
Research (Oil Products and Petrochemicals), RBMEurokosmos Co Ltd, Principal Consultant, The Central
Institute of Information and Economic Studies

NOVEMBER 21 & 22 1994 LONDON Location:

PETROCHEMICAL INDUSTRY

Just how far has the centre of gravity shifted? Asia's outward looking trade and industrial policies have already transformed the region's industrial structure and underpinned sustained growth. What part has the traditional petrochemical powerhouses of Europe, the USA and Japan to play in this new world order?

In this sixth prestigious Financial Times petrochemical conference a truly international forum of top flight speakers tackle the fundamentals and the future of this key industrial sector. This year the industry's founding fathers – from Europe, the USA and Japan – will appraise their domestic markets. While voices of the future present further insight into the dynamics of markets that promise to outpace growth in the rest of the world.

Combine this chance to hear some of the industry's most influential leaders with an opportunity to discuss business with potential partners and customers...

Speakers:

Mr Bob Wilson, President, Exxon Chemical
International Inc.
Mr Juha Rantanen, Chief Executive Officer,
Borealis Holding A/S
Mr Herbert Detharding, President, Wintershall AG
Dr David S Glass, Director, Chem Systems Limited
Mr Ian Bird, Vice President, Government Affairs,
Waste Management International Services Limited
Mr Mohammad Al-Kathirl, General Manager,
SABIC Europe Ltd (SEL)
Mr Brian K Sanderson, Chief Executive Officer, BP

Mr James E Filgg, Executive Vice President, Chemicals Sector, Amoco Corporation Mr Hiromasa Yonekura, Director, Sumitomo Chemical Company Limited Mr Nyun Tae Kim, Director of Chemical Business Planning, Yukong Limited Mr Ahmad Rahgozar, Managing Diretor, National Petrochemical Company, Iran

association with Chemical Matters.



WORLD GAS NOGNOT Location: Subject:

FEBRUARY 1995

Gas is widely vlewed as the fuel of this decade with production and use growing strongly worldwide. With the advantages of being seen as an environmentally friendly fuel and reserves that are set to out-strip oil, will the gas business fulfil its widely held promise or are the expectations being set too high?

This annual high level forum will review the possibilities.

In association with FT International Gas Report. Speakers list has yet to be finalised.

PAST SPEAKERS PAPERS

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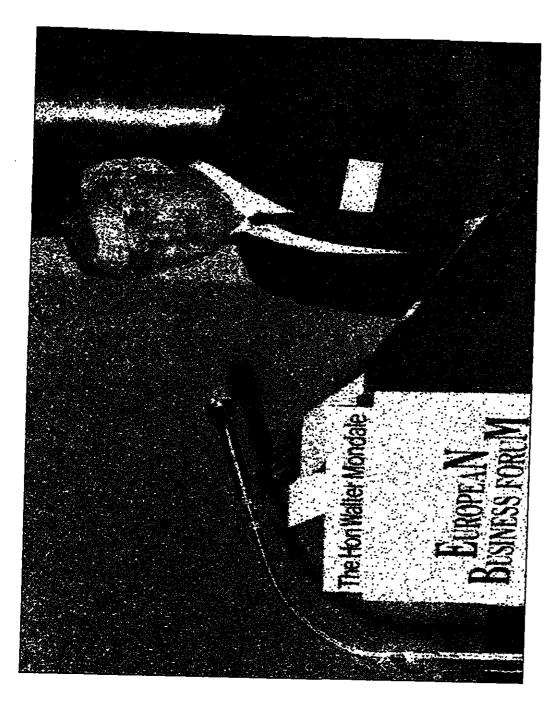
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FINANCIAL TIMES Conferences

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Financial Times Surveys — Conferences marked with an * have been timed to coincide with special features appearing in the FT Newspaper. For further details of these supplements and advertising opportunities within them phone or fax the Survey Hotline in London on: Tel: (+44) 171 873 3763 Fax: (+44) 171 873

2TH OCTOBER 1994

FINANCIAL TIMES CONFERENCES REVIEW

Stranger

TRANSPORT

Subject: Location: **LONDON MOTOR**

Date FEBRUARY 20 1995 NOCINO

A highly respected and well supported annual one day conference covering key issues and trends in the UK Motor industry.

Concentrating mainly on the down-stream side of the sector this conference regularly attracts the heads of the leading British automotive companies.

Speakers list has yet to be finalised.

Subject: Location: FRANKFURT WORLD MOTOR'

Ž SEPTEMBER 12 & 13 1995

Timed to coincide with the biennial Frankfurt Motor Show and widely regarded as Europe's highest profile industry conference. This event gathers together the leaders of the international automotive industry to discuss important global and regional developments and to kook ahead to potential future trends and

Speakers list has yet to be finalised.

Location: Subject: LONDON **EUROPEAN TRANSPORT**

Date MAY 1995

transport infrastructures near the top of the European Union's political agenda. Neither the full economic benefits of the single market nor a swifter development in the economies of central and eastern Europe can be achieved unless people and goods are able to move around all of the European territory efficiently and easily. The development of the single market and the coming into force of the Maastricht Treaty have pushed transport infrastructures near the top of the European Union's political agenda. Neither the full economic benefits of the single market nor a swifter

European transport sector. This annual conference will debate current devel-ments, opportunities and concerns in the

Speakers list has yet to be finalised.

Subject: ₽ND

₽

WORLD AEROSPACE TRANSPORT*

Location:

PARIS

Date: JUNE 1995

Financial Times perospace conferences have developed an enviable reputation for quality over the last two decades, regularly attracting chief executives and presidents of the world's leading aviation and acrospace companies.

This annual event, timed every second year to immediately precede the Paris Air Show, will debate the current major issues in the industry, from regulation and de-regulation, to restructuring and financing.

Speakers list hus yet to be finalised.

PHARMACEUTICALS

DECEMBER 13 & 14 1994



Speakers:
Dr Trevor M Jones, Director-General, The Association of the British Pharmaceutical Industry Professor Dr Horst Dieter Schlumberger, Biotechnology Co-ordinator, Bayer AG Mr Cart B Feldbaum, President, Biotechnology

Singapore Bio-innovations Pte Ltd
Dr Peter J Fellner, Chief Executive Officer,
Celltech Limited International Research and Development, Hoffmann-La Roche Inc

Mr Teoh Yung Sen, Director/General Manuger,

In association with FT Biotechnology Business News Mr G Steven Burrill, Managing Director, Burrill & Craves

Subject: WORLD PHARMACEUTICALS*

Date: Location: LONDON

BIOTECHNOLOGY
- A REVOLUTION IN THE MAKING? CONDON

Biotechnology is still in its infancy as an industry but has the long term potential of opening up vast new scientific and medical horizons. However uncertainties remain, is the potential exaggerated? How can the public perception of biotechnology be improved? Will the legislative environment help or hinder growth? And more fundamentally who is going to fund the research and development?



This high-level forum will address these and other key issues.

Industry Organization
Mr Keith McCultagh, Chief Executive, British

Dr Paul Haycock, President and Chief Executive Officer, Cantab Pharmaccuticals Research Limited Dr Chris T Evans, Chief Scientific Officer, Chiroscience Limited Professor Dr Jürgen Drews, President,

MARCH 20 & 21 1995

Europe's highest profile industry conference will bring logether a truly international gathering of delegates and speakers.

The pharmaceuticals sector is currently experiencing a period of major reform and change, highlighted by a series of major international mergers. This conference offers the perfect opportunity to gain an insight into current issues and future trends by listening to and questioning industry leaders, government and reformers, analysts and fellow delegates. Date:

In association with Coopers & Lybrand and FT Pharmaceutical Business News Speakers list has yet to be finalised.



CORPORATE RISK MANAGEMENT & THE INTERNATIONAL INSURANCE INDUSTRY

FINANCE

LONDON

Location: NOVEMBER 3 1994

Over the last five years more and more companies have turned to techniques such as loss control, risk financing and self-insurance to more effectively manage their insurance needs. Some companies are increasing the amount of risk they retain on their own books, while others are forming 'captive' insurance subsidiaries dedicated to insuring their own risks and allowing direct access to the reinsurance market.

The number of captives owned by the UK's top 250 companies have more than doubled in the last five years. The recent hardening in the insurance market—with rates for many risks increasing following the industry wide losses between 1990 and 1992—and a spate of both man made and natural disasters has accelerated the trend.

Increasingly there are signs that Europe is following the North American pattern where more than a third of insurance premiums have been diverted from the conventional insurance market towards a so-called alternative market populated by captive insurance subsidiaries and other self-insurance facilities.

The conference will examine how the problems of shrinking insurance cover are changing traditional relationships between corporate risk managers, brokers and commercial insurers, and will explore how players in the international insurance industry are responding to the new challenge.

Spenkers:
Mr Patrick Newberry, Partner, Coopers & Lybrand
Mr H Felix Kloman, Editor,
Risk Management Reports,
Former Principal, Towers Perrin
Professor Brian Toft, Risk Analyst, Mr Rodney Meere, Chairman, Willis Corroon Hinton Mr Clive Pracy, Head of Risk Management,

Council Member, AIRMIC
Dr Herbert M Harrell, Chairman, Harrell
Associates Incorporated, Founder, M200 Forum
Mr Wolf-Dieter Baumgartl,
Chairman of the Board, HDI VaG

Guest Lunch Speaker: Sir Sydney Upworth QC, Chairmun, Financial

Wild, National Accounting Technical Touche Ross & Co

Mr David H Calras, General Secretary, International Accounting Standards Committee Mr Michael Renshall, Deputy Chairman, Financial Reporting Review Panel

Europe
Mr Peter A Holgate, Accounting Technical Partner,
Coopers & Lybrand
Coopers & Lybrand

Zoopers & Lybrand Mr Michael Birkin, Group Chief Executive Officer.

nterbrand Group Plc

Mr Chris Swinson, Partner, Stoy Hayward Mr John H Kellas, Partner, KPMG Peat Marwick Ms Mary Keegan, Director of Professional Standards, Price Waterhouse Audit Practice in

In association with AIKMIC
FT World Insurance Report Swiss Reinsurance Company Mr S N Steffey, President, Liberty International International Practice Leader, Tillinghast
Mr Walter Kielholz, Member of the Board, with AIRMIC and

Location: Subject: LONDON FINANCIAL REPORTING IN THE UK

Dute:
1994 has been described as the 'crunch year' for financial reporting in the UK. With new standards on mergers and acquisition accounting only just mergers are acquisition of goodwill in company mergers and acquisition accounting only just released, and the handling of goodwill in company accounts the next issue to be tackled on the ASB agenda, there is no doubt that the ASB is about to enter what is probably the most contentious period NOVEMBER 28 1994



since its inception. (Will 1995 be the year the accountancy profession 'hits back'?)

The recent hiatus concerning the losses on derivative trading meanwhile has placed the issue of companies' use of these instruments at the centre of the regulators' attention. The International Accounting estandards Committee is currently drufting guidelines for companies accounting of derivatives to meet the sugrowing demand for disclosure.

ital and a look forward to expected developments ital and a look forward to expected developments - during the rest of the 1990's. Panellists will explain the vital lessons that have been learned during the last if ten years and explain how venture capital has adapted ed to a changed environment.

The panel format enables all Forum participants to share their experiences and opinions and exchange views on fund-raising, performance, negotiating



The Financial Times fourth annual Financial Reporting conference will provide critical guidance for both preparers and users of accounts to navigate this maze of current and prospective accounting deals, syndicating and realising their investments. Delegates who have attended previous Forums will agree that this is one conference that they cannot afford to miss.

Mr Christopher M Bown, Partner, Baker & McKenzie (London) Mr Peter A Brooke, Chairman & Chief Executive Dr Luciano Balbo, Chairman, B&S Ventures Srl Mr Colin Blessley, Partner in charge of Corporate Finance, Coopers & Lybrand, Spain

Mr Thomas F Cadlgan, Assistant Treusurer & Managing Director, IBM Retirement Funds Candover Investments ple Mr Douglas R Brown, Chairman & Chief Executive Mr Roger Brooke, Chairman, Officer, Advent International Corporation Advent International ple

Director of European Corporate Finance
Mr Michiel A de Haan, General Pariner, Director & Head of Investment Trust Research, BZW Securities Limited llec D'Janoeff, Parlner, Coopers & Lybrand,

Dr Walter R Henle, Partner, Baker & McKenzie (Frankfurt) Mr Brlan Larcombe, Executive Director, Finance & Planning, 3i Group plc, Chairman, British Venture Capital Association Date: Location:

Date:

DECEMBER 1 & 2 1994

Subject:

VENTURE FORUM EUROPE '94

Location:

LONDON

Capital Association
Mr Jonny Maxwell, Senior Investment Analyst,
Standard Life Assurance Company
Mr Denis Mortler, Chief Executive Officer, Entrepreneurship, INSEAD
Dr Jos Peeters, Managing Director, Capricorn
Venture Partners nv Director, Apax Pariners & Co Lid Dr Daniel F Muzyka, IAF Professor of Suint Dominique

Venture Economics and Financial Times Conferences invite you to attend Venture Forum Burope '94, our fifth annual venture capital conference in Europe. At the beginning of a new cycle of growth for European venture capital the Venture Forum, with its distinctive interactive conference formula, will enable delegates to keep abreast of the key issues that face the industry and discover the new investment strategies that will take us through to the

end of the century. Composed of recognised experts from Europe and North America, the Forum sessions will provide both

Dr Fablo Sattin, Managing Director.

Chase Gemina Italia, Chairman,

n European Venture Capital Association

it Mr John B Singer, Director, Advent International plc

Mr Michael Skok, Chairman & Chief Executive

European Software Publishing Limited

o Mr Leendert J van Driel, Managing Director, Gilde

e Investment Funds

g Miss Theresa Wallis, Team Leader, Smaller

Companies Group, London Stock Exchange

Mr Michael Walton, Managing Director,

Gautmore Venture Capital Limited Co-sponsored by Advent International, Baker & McKenzie and Coopers & Lybrand Mr Brian Winterflood, Managi Winterflood Securities Limited In association with Venture Economics. FT CITY COURSE Managing Director,

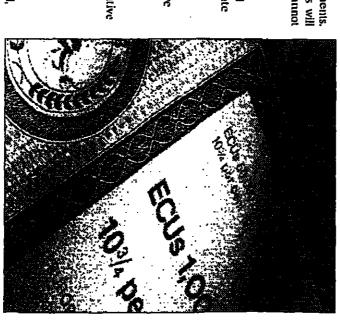
APRIL - MAY 1995 LONDON

To date 6,000 delegates from over 1,000 organisations have attended this course.

The FI-City Course is arranged twice a year by the Financial Times and City University Business School as a training course for those wanting an overview of the banking and financial markets operating in the

Twenty-five practitioners from the City explain the role of the Bank of England, Stock Exchange, clearing, merchant and investment banks, insurance market, discount houses and building societies. The equity and debt markets, risk management, regulation and the economic outlook for the City will also Clearly the Course provides those working in the City, or servicing the financial sector, with the necessary information they need to do their jobs well and

continues to be held in high regard. association with City University Business School



Subject: WORLD GOLD

LUGANO

The annual Financial Times Gold conference has tracked the changes in the world gold industry for more than 20 years and has built a deserved reputation as being the most authoratitive of those held around the world. JUNE 19 & 20 1995

As the largest inclustry gathering of its kind it attracts a top international audience of bankers, miners, analysts, traders, investors and consultants who come to network and debate current inclustry developments.

Speukers list has yet to be fundised.

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